Effective: May 27, 2020

Main Street Lending Program

Frequently Asked Questions

This document is intended to address frequently asked questions (**FAQs**) about the Main Street Lending Program (**Main Street** or **Program**), including the Main Street New Loan Facility (**MSNLF**), the Main Street Priority Loan Facility (**MSPLF**), and the Main Street Expanded Loan Facility (**MSELF**). The Federal Reserve will periodically update these FAQs. Please check the website of the Federal Reserve Bank of Boston (**FRB Boston**) for new FAQs or revisions to previously issued FAQs.

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A. Purpose and Design

A.1. Why is the Federal Reserve establishing the Program?

The spread of COVID-19 has harmed communities and substantially disrupted economic activity in many sectors of the economy. In general, the availability of credit has contracted for small and medium-sized businesses while, at the same time, the disruptions to economic activity have heightened the need for such companies to obtain financing. Small and medium-sized businesses are integral to the U.S. economy and create jobs for a large share of the U.S. workforce.

Main Street is designed to provide support to small and medium-sized businesses and their employees across the United States during the current period of financial strain by supporting the provision of credit to such businesses. The availability of additional credit is intended to help companies that were in sound financial condition prior to the onset of the COVID-19 pandemic maintain their operations and payroll until conditions normalize.

A.2. How is the Department of the Treasury supporting the Program?

The Department of the Treasury (**Treasury Department**) will make a $75 billion equity investment in a Special Purpose Vehicle (**Main Street SPV**) in connection with the Program. The funds invested by the Treasury Department were appropriated to the Exchange Stabilization Fund under section 4027 of the Coronavirus Aid, Relief, and Economic Security Act (**CARES Act**).

A.3. Are loans that are originated or upsized in connection with the Program forgivable?

No. Main Street loans are full-recourse loans and are not forgivable. Under section 4003(d)(3) of the CARES Act, the principal amount of a Main Street loan cannot be reduced through loan forgiveness.

A.4. What are the differences between the MSNLF, the MSPLF, and the MSELF?

Main Street includes three facilities, each of which was authorized by the Board of Governors of the Federal Reserve System (**Board**) under section 13(3) of the Federal Reserve Act. All three facilities use the same Eligible Lender and Eligible Borrower criteria, and have many of the same features, including the same maturity, interest rate, deferral of principal and interest for one year, and ability of the borrower to prepay without penalty.

Other features of the loans extended in connection with each facility differ. The loan types also differ in how they interact with the Eligible Borrower's existing outstanding debt, including with respect to the level of pre-crisis indebtedness an Eligible Borrower may have incurred.

- **MSNLF**: Eligible Lenders extend new loans to Eligible Borrowers ranging in size from $500,000 to $25 million. The maximum size of a loan made in connection with the

MSNLF cannot, when added to the Eligible Borrower's existing outstanding and undrawn available debt, exceed four times the Eligible Borrower's adjusted 2019 earnings before interest, taxes, depreciation, and amortization (**EBITDA**). The loans must not be, at the time of origination or at any time during the term of the Eligible Loan, contractually subordinated in terms of priority to any of the Eligible Borrower's other loans or debt instruments. The unique features of loans originated in connection with the MSNLF (**MSNLF Loans**) are provided in the MSNLF term sheet.

- **MSPLF**: Eligible Lenders extend new loans to Eligible Borrowers ranging in size from $500,000 to $25 million. The maximum size of a loan made in connection with the MSPLF cannot, when added to the Eligible Borrower's existing outstanding and undrawn available debt, exceed six times the Eligible Borrower's adjusted 2019 EBITDA. At the time of origination and at all times thereafter, the Eligible Loan must be senior to or pari passu with, in terms of priority and security, the Eligible Borrower's other loans or debt instruments, other than mortgage debt. Eligible Borrowers may, at the time of origination of the loan, refinance existing debt owed by the Eligible Borrower to a lender that is not the Eligible Lender. The unique features of loans originated in connection with the MSPLF (**MSPLF Loans**) are provided in the MSPLF term sheet.
- **MSELF**: Eligible Lenders increase (or "upsize") an Eligible Borrower's existing term loan or revolving credit facility. The upsized tranche is a four-year term loan ranging in size from $10 million to $200 million. The maximum size of a loan made in connection with the MSELF cannot exceed (i) 35% of the Eligible Borrower's existing outstanding and undrawn available debt that is pari passu in priority with the Eligible Loan and equivalent in secured status (i.e., secured or unsecured); or (ii) when added to the Eligible Borrower's existing outstanding and undrawn available debt, six times the Eligible Borrower's adjusted 2019 EBITDA. At the time of upsizing and at all times thereafter, the upsized tranche must be senior to or pari passu with, in terms of priority and security, the Eligible Borrower's other loans or debt instruments, other than mortgage debt. The features associated with tranches of loans that are upsized in connection with the MSELF (**MSELF Upsized Tranches**) are outlined in the MSELF term sheet.

A.5. How long will the Program be in effect?

The Program was established to respond to uncertainty related to the COVID-19 pandemic and is authorized to purchase participations in MSNLF Loans, MSPLF Loans, and MSELF Upsized Tranches until September 30, 2020. The Main Street SPV will cease purchasing loan participations on September 30, 2020, unless the Program is extended by the Board and the Treasury Department. The FRB Boston will continue to operate the SPV after such date until the Main Street SPV's assets mature or are sold.

A.6. Is there a limit to the size of the Program?

The Main Street SPV will purchase up to $600 billion of participations in eligible loans. The Federal Reserve and the Treasury Department have assessed this amount to be appropriate in light of the current financial strains facing Eligible Borrowers. The Federal Reserve and the Treasury Department will continue to assess the situation and needs of Eligible Borrowers and may adjust the Program's size in the future.

A.7. What are the differences between the Program and the Payroll Protection Program and Primary Market Corporate Credit Facility?

Similar to the Payroll Protection Program (**PPP**) and the Primary Market Corporate Credit Facility (**PMCCF**), Main Street was created to assist companies that have been adversely affected by the COVID-19 pandemic. Each of these programs, however, was developed to provide liquidity to companies of different sizes:

- **PPP**: The PPP was established by the CARES Act and implemented by the Small Business Administration (**SBA**) to support the payroll and operations of small businesses through the issuance of government-guaranteed loans that include a forgiveness feature for borrowers that satisfy the requirements of the PPP.

- **Main Street**: The Federal Reserve designed Main Street to support small and medium-sized businesses that were unable to access the PPP or that require additional financial support after receiving a PPP loan. Main Street loans are not forgivable.

- **PMCCF**: The Federal Reserve established the PMCCF to support large companies through the purchase of eligible corporate bonds from, and lending through syndicated loans to, large companies. PMCCF loans are not forgivable.

A.8. What provisions of the CARES Act apply to the Program?

Under section 4003(b)(4) of the CARES Act, the Secretary of the Treasury (**Secretary**) is authorized to make loans and loan guarantees to, and other investments in, programs or facilities established by the Board for the purpose of providing liquidity to the financial system that supports lending to eligible businesses, states, or municipalities. The Secretary has committed $75 billion of the funds appropriated under Title IV of the CARES Act in the Main Street SPV in support of the Program. The following restrictions of the CARES Act have been incorporated into the design of the Program:

- **Eligible Business Definition**: Section 4002(4) of the CARES Act prevents a business from participating in the Program if it has "otherwise received adequate economic relief in the form of loans or loan guarantees provided under [the Coronavirus Economic Stabilization Act of 2020 (Subtitle A of Title IV of the CARES Act)]." Consistent with this restriction, businesses that are receiving "specific support" pursuant to section 4003(b)(1)-(3) are not eligible for the Program.

- **Direct Loans**: Eligible Borrowers must commit to comply with the restrictions that apply to direct loan programs under section 4003(c)(3)(A)(ii) of the CARES Act, except that an S corporation or other tax pass-through entity that is an Eligible Borrower may make distributions to the extent reasonably required to cover its owners' tax obligations in respect of the entity's earnings.
- **U.S. Business Requirement**: Under section 4003(c)(3)(C) of the CARES Act, Eligible Borrowers must be "businesses that are created or organized in the United States or under the laws of the United States and that have significant operations in and a majority of its employees based in the United States."
- **Loan Forgiveness Prohibition**: Under section 4003(d)(3), the principal amount of the portion of any MSNLF Loan, MSPLF Loan, or MSELF Upsized Tranche that is participated to the Main Street SPV cannot be reduced through loan forgiveness. See question A.10 for more information about this requirement.
- **Conflicts of Interest**: Under section 4019 of the CARES Act, Eligible Lenders and Eligible Borrowers will be required to certify that no "Covered Individual" owns, controls, or holds 20 percent or more (by vote or value) of any class of equity ownership interest in the business. "Covered Individuals" include the President, the Vice President, the head of any Executive Department, any Member of Congress, or certain immediate family members of the foregoing.

A.9. What are the conflicts of interest provisions of the CARES Act?

Section 4019 of the CARES Act prohibits entities in which certain government officials (list here) and some of their immediate family members have a "controlling interest" from participating in certain government programs, including Main Street. Each participating entity, both Eligible Lenders and Eligible Borrowers, will be required to certify that the entity is not a "covered entity" as defined in section 4019 of the CARES Act. Detailed instructions are provided in the Lender Registration Certifications and Covenants and the MSNLF, MSPLF, and MSELF Borrower Certifications and Covenants.

A.10. Can the principal amount of loans extended under Main Street be reduced?

Main Street is not a grant program and is subject to the prohibition on loan forgiveness in section 4003(d)(3) of the CARES Act. In the event of restructurings or workouts, the Main Street SPV may agree to reductions in interest (including capitalized interest), extended amortization schedules and maturities, and higher priority "priming" loans.

B. MSNLF Loans

B.1. How does the MSNLF work?

Eligible Lenders may extend a new MSNLF Loan to an Eligible Borrower and sell a 95% participation in that MSNLF Loan to the Main Street SPV at par value. All such sales will be structured as "true sales" and must be completed expeditiously after the origination of the MSNLF Loan. The Eligible Lender must retain 5% of the MSNLF Loan until (i) it matures or (ii) neither the Main Street SPV nor a Governmental Assignee holds an interest in MSNLF Loan in any capacity, whichever comes first. The Main Street SPV and the Eligible Lender would share in any losses on the MSNLF Loan on a pari passu basis.

The Eligible Borrower must have been in sound financial condition prior to the onset of the COVID-19 pandemic. In order for an Eligible Borrower to receive an MSNLF Loan, any existing loan it had outstanding with the Eligible Lender as of December 31, 2019, must have had an internal risk rating (based on the Eligible Lender's risk rating system) that was equivalent to a "pass" in the Federal Financial Institutions Examination Council's (**FFIEC**) supervisory rating system as of that date.

B.2. What are the terms of MSNLF Loans?

The MSNLF term sheet is available on the Board's Main Street page. More information will be made available on that page regarding loan participation terms, credit administration, and loan servicing.

B.3. What is the effect of the requirement that MSNLF Loans not be "contractually subordinated in terms of priority" to other loans or debt instruments?

An MSNLF Loan, at the time of origination or at any time during its term, may not be contractually subordinated in terms of priority to the Eligible Borrower's other loans or debt instruments. This means that an MSNLF Loan may not be junior in priority in bankruptcy to the Eligible Borrower's other unsecured loans or debt instruments. This provision does not prevent:

- the issuance of an MSNLF Loan that is a secured loan (including in a second lien or other capacity) to an Eligible Borrower, whether or not the Eligible Borrower has an outstanding secured loan of any lien position or maturity;
- the issuance of an MSNLF Loan that is an unsecured loan to an Eligible Borrower, regardless of the term or secured or unsecured status of the Eligible Borrower's existing indebtedness; or

- the Eligible Borrower from taking on new secured or unsecured debt after receiving an MSNLF Loan, provided the new debt would not have higher contractual priority in bankruptcy than the MSNLF Loan.

B.4. Can an Eligible Lender make an MSNLF Loan to a new customer?

Yes. Eligible Lenders should follow their normal policies and procedures for originating a loan to a new customer, including Know Your Customer procedures. In addition, when sizing the amount of the Eligible Loan, the Eligible Lender must require the Eligible Borrower to use an adjusted EBITDA methodology that is based on a methodology that the Eligible Lender has previously required to be used to adjust EBITDA when extending credit to similarly situated borrowers on or before April 24, 2020.

C. MSPLF Loans

C.1. How does the MSPLF work?

Eligible Lenders may extend a new MSPLF Loan to an Eligible Borrower and sell an 85% participation in that MSPLF Loan to the Main Street SPV at par value. All such sales will be structured as "true sales" and must be completed expeditiously after the origination of the MSPLF Loan. The Eligible Lender must retain 15% of the MSPLF Loan until (i) it matures or (ii) neither the Main Street SPV nor a Governmental Assignee holds an interest in the MSPLF Loan in any capacity, whichever comes first. The Main Street SPV and the Eligible Lender would share in any losses on the MSPLF Loan on a pari passu basis.

The Eligible Borrower must have been in sound financial condition prior to the onset of the COVID-19 pandemic. In order for an Eligible Borrower to receive an MSPLF Loan, any existing loan it had outstanding with the Eligible Lender as of December 31, 2019, must have had an internal risk rating (based on the Eligible Lender's risk rating system) that was equivalent to a "pass" in the FFIEC's supervisory rating system as of that date.

C.2. What are the terms of MSPLF Loans?

The MSPLF term sheet is available on the Board's Main Street page. More information will be made available on that page regarding loan participation terms, credit administration, and loan servicing.

C.3. Can an Eligible Lender make an MSPLF Loan to a new customer?

Please see the answer to question B.4 above.

C.4. Can an Eligible Borrower use the proceeds of an MSPLF Loan to refinance its existing loans?

At the time of origination of an MSPLF Loan, an Eligible Borrower may use the proceeds of the MSPLF Loan to prepay existing debt that is outstanding and owed to lenders other than the Eligible Lender that originates the MSPLF Loan. In other words, the proceeds of an MSPLF Loan can be used to refinance existing loans owed to other lenders.

After origination and until the MSPLF Loan is repaid in full, the Eligible Borrower must refrain from repaying the principal balance of, or paying any interest on, any debt other than the MSPLF Loan, unless the debt or interest payment is mandatory and due. See questions H.3 and H.7 below for further information on the debt repayment restrictions.

C.5. Why are Eligible Lenders required to retain 15% of MSPLF Loans, rather than only 5% in the other Main Street facilities?

Eligible Lenders must retain 15% of MSPLF Loans, in contrast with the 5% risk retention requirement under the MSNLF and MSELF. Increased risk retention is required in light of the increased leverage ratio with respect to MSPLF Loans.

- **Comparison to MSNLF**: The maximum size of an MSPLF Loan is an amount that, when added to the Eligible Borrower's existing outstanding and undrawn available debt, does not exceed six times the Eligible Borrower's adjusted 2019 EBITDA (in no case to exceed $25 million). By contrast, the maximum size of an MSNLF Loan is an amount that, when added to the Eligible Borrower's existing outstanding and undrawn available debt, may not exceed four times the Eligible Borrower's adjusted 2019 EBITDA (in no case to exceed $25 million). Thus, the MSPLF – as compared to the MSNLF – allows Eligible Borrowers with higher leverage to access the Program.
- **Comparison to MSELF**: While the MSELF also uses six times adjusted EBITDA as one measure to limit maximum loan size, it contains an additional maximum loan size test not applicable to the MSPLF. An MSELF Upsized Tranche may not exceed 35% of the Eligible Borrower's existing outstanding and undrawn available debt that is pari passu in priority with the underlying loan and equivalent in secured status. Further, MSELF Upsized Tranches share in any security associated with the underlying loan that is being upsized.

C.6. What does it mean for an MSPLF Loan to be "senior to or pari passu with, in terms of priority and security, the Eligible Borrower's other loans or debt instruments, other than mortgage debt"?

MSPLF Loans must be senior to or pari passu with, in terms of priority and security, the Eligible Borrower's other Loans or Debt Instruments, other than Mortgage Debt (the **MSPLF Priority and Security Requirement**). The MSPLF Priority and Security Requirement is designed to prevent MSPLF Loans from being subordinated or otherwise disadvantaged in terms of priority or security in relation to the other Loans or Debt Instruments of the Eligible Borrower, except for Mortgage Debt.

For purposes of the MSPLF Priority and Security Requirement:

- "**Loans or Debt Instruments**" means debt for borrowed money and all obligations evidenced by bonds, debentures, notes, loan agreements or other similar instruments, and all guarantees of the foregoing.
- "**Mortgage Debt**" means debt secured by real property at the time of the MSPLF Loan's origination.

Time of Origination: To comply with the MSPLF Priority and Security Requirement at the time of origination, Eligible Lenders and Eligible Borrowers must apply the following guidance:

- **Secured Loans**: The MSPLF Loan must be secured if, at the time of origination, the Eligible Borrower has any other secured Loans or Debt Instruments, other than Mortgage Debt.
  - *Pari Passu or Senior in Priority:* The MSPLF Loan must not be contractually subordinated in terms of priority to any of the Eligible Borrower's other Loans or Debt Instruments, other than Mortgage Debt.[1]
  - *Pari Passu or Senior in Security:*
    - If the MSPLF Loan is secured, then the Collateral Coverage Ratio for the MSPLF Loan at the time of its origination must be either (i) at least 200 percent or (ii) not less than the aggregate Collateral Coverage Ratio for all of the Borrower's other secured Loans or Debt Instruments (other than Mortgage Debt).
      - "Collateral Coverage Ratio" means (i) the aggregate value of any relevant collateral security, including the *pro rata* value of any shared collateral, divided by (ii) the outstanding aggregate principal amount of the relevant debt.
    - If the MSPLF Loan is secured by the *same collateral* as any of the Eligible Borrower's other Loans or Debt Instruments (other than Mortgage Debt), the lien upon such collateral securing the MSPLF Loan must be and remain senior to or pari passu with the lien(s) of the other creditor(s) upon such collateral. The MSPLF Loan need not share in all of the

[1] For the avoidance of doubt, prohibitions on contractual subordination with respect to Main Street loans do not prevent the incurrence of obligations that have mandatory priority under the bankruptcy code or other insolvency laws that apply to entities generally.

collateral that secures the Eligible Borrower's other Loans or Debt Instruments.

- **Unsecured Loans**: The MSPLF Loan can be unsecured only if the Eligible Borrower does not have, as of the date of origination, any secured Loans or Debt Instruments (other than Mortgage Debt). Unsecured MSPLF Loans must not be contractually subordinated in terms of priority to any of the Eligible Borrower's other unsecured Loans or Debt Instruments. See question B.3 for more information on contractual subordination.

Life of the Loan: In order to comply with the MSPLF Priority and Security Requirement during the term of the MSPLF Loan after the date of origination, the loan documentation for the MSPLF Loan must:

- ensure that the MSPLF Loan does not become contractually subordinated in terms of priority to any of the Eligible Borrower's other loans or debt instruments; and
- contain a lien covenant or negative pledge that is of the type – and contains exceptions, limitations, carve-outs, baskets, materiality thresholds, and qualifiers – that are consistent with those used by the Eligible Lender in its ordinary course lending to similarly situated borrowers. Appendix B contains a model lien covenant that Eligible Lenders should reference when drafting their loan documentation.

See question G.14 for more information on identifying similarly situated borrowers. See the MSPLF Borrower Certifications and Covenants and MSPLF Lender Transaction Specific Certifications and Covenants for more information about the responsibilities that Borrowers and Lenders have in relation to the MSPLF Priority and Security Requirement.

D. MSELF Upsized Tranches

D.1. How does the MSELF work?

Eligible Lenders that have extended an existing term loan or revolving credit facility to an Eligible Borrower may increase (or "upsize") that extension of credit, by adding a new increment (or "tranche"). Eligible Lenders may sell a 95% participation in the MSELF Upsized Tranche to the Main Street SPV at par value. All such sales will be structured as "true sales" and must be completed expeditiously after the upsizing. The Eligible Lender must retain 5% of the MSELF Upsized Tranche until (i) it matures or (ii) neither the Main Street SPV nor a Governmental Assignee holds an interest in MSELF Upsized Tranche in any capacity, whichever comes first. The Eligible Lender must also retain its interest in the underlying loan until (i) that loan matures, (ii) the MSELF Upsized Tranche matures, or (iii) neither the Main Street SPV nor a Governmental Assignee holds an interest in the MSELF Upsized Tranche in any capacity, whichever comes first. The Main Street SPV and the Eligible Lender would share in any losses on the MSELF Upsized Tranche on a pari passu basis. Any collateral that secures the underlying loan must secure the upsized tranche on a pari passu basis.

To be eligible for "upsizing," the existing term loan or revolving credit facility must have been originated on or before April 24, 2020, and must have a remaining maturity of at least 18 months. The Eligible Lender may extend the maturity of an existing loan or revolving credit facility at the time of upsizing in order for the underlying instrument to satisfy the 18-month remaining maturity requirement.

The Eligible Borrower must have been in sound financial condition prior to the onset of the COVID-19 pandemic. The existing loan or revolving credit facility must have had a risk rating, based on the Eligible Lender's internal rating system, equivalent to a "pass" in the FFIEC's supervisory rating system as of December 31, 2019.

D.2. What are the terms of MSELF Upsized Tranches?

The MSELF term sheet is available on the Board's Main Street page. More information will be made available on that page regarding loan participation terms, credit administration, and loan servicing.

D.3. Under the MSELF, can an Eligible Lender sell a participation in an upsized tranche of a loan that was originated as part of a multi-lender facility?

If the loan underlying an MSELF Upsized Tranche is part of a multi-lender facility, the Eligible Lender must be one of the lenders that holds an interest in the underlying loan at the date of upsizing. Only the Eligible Lender for the MSELF Upsized Tranche is required to meet the Eligible Lender criteria. Other members of the multi-lender facility are not required to be Eligible Lenders.

D.4. Does the Eligible Lender for the MSELF Upsized Tranche need to be the same Eligible Lender that originated the underlying loan?

No. The Eligible Lender is not required to have been the Eligible Lender that originally extended the loan underlying an MSELF Upsized Tranche. However, the Eligible Lender must have purchased the interest in the underlying loan as of December 31, 2019, and the Eligible Lender must have assigned an internal risk rating to the underlying loan equivalent to a "pass" in the FFIEC's supervisory rating system as of that date.

D.5. If an existing multi-lender facility loan does not have an "opening" or "accordion" clause, can it still be eligible for upsizing under the MSELF?

Yes. The Eligible Borrower, Eligible Lender(s), and any other required parties must amend the underlying credit agreements as needed to comply with the requirements set out in the MSELF term sheet.

D.6. What requirements exist for the loan underlying an MSELF Upsized Tranche?

The loan underlying an MSELF Upsized Tranche can be a secured or unsecured term loan or revolving credit facility that:

- was made by an Eligible Lender(s) to an Eligible Borrower;
- is currently held, at least in part, by an Eligible Lender;
- was originated on or before April 24, 2020;
- has a remaining maturity of at least 18 months (taking into account any adjustments made to the maturity of the loan after April 24, 2020, including at the time of upsizing); and
- received an internal risk rating equivalent to a "pass" in the FFIEC's supervisory rating system by the Eligible Lender, as of December 31, 2019.

Any collateral securing the Eligible Loan (at the time of upsizing or on any subsequent date) must secure the MSELF Upsized Tranche on a pari passu basis.

D.7. Why is the minimum loan size for an MSELF Upsized Tranche $10 million, rather than $500,000 in the MSPLF and MSNLF?

The MSELF was designed to meet the needs of borrowers with existing loan arrangements, particularly those with larger and more complex existing loans, where pre-existing loan documentation can be used. As a result, the minimum loan size for an MSELF Upsized Tranche is $10 million.

The Federal Reserve recognizes that some aspects of an MSELF Upsized Tranche, such as the potential for a larger loan size associated with the requirement that outstanding and available undrawn debt not exceed six times adjusted EBITDA, may be attractive to Eligible Borrowers seeking a loan below $10 million. The MSPLF offers similar leverage limitations for Eligible Borrowers and has a minimum loan size of $500,000.

The Federal Reserve will continue to evaluate whether the loan amounts allowed under the Program should be adjusted to enhance the Program's efficacy. Any such adjustments would be communicated well in advance of their effective date to ensure that Eligible Lenders and Eligible Borrowers are not adversely affected.

D.8. Can the Eligible Lender that sells a participation to the Main Street SPV share its 5% retention of the MSELF Upsized Tranche with other members of a multi-lender facility?

No. The Eligible Lender must retain 5% of the MSELF Upsized Tranche, even when the underlying loan is part of a multi-lender facility. See question J.4 below for more information on retention by an Eligible Lender.

D.9. What if no EBITDA methodology was used when originating or amending the loan underlying an MSELF Upsized Tranche?

If the Eligible Borrower's EBITDA was not calculated or included in the loan documentation or internal risk analysis when originating the loan or revolving credit facility that would underlie an MSELF Upsized Tranche, the Eligible Lender must require the Eligible Borrower to calculate its adjusted EBITDA using a methodology that the Eligible Lender has required to be used in other contexts for the Eligible Borrower or, if there is no such calculation, for similarly situated borrowers. See questions G.13 and G.14 for more information.

D.10. How can the "pass" criterion be satisfied if the loan underlying an upsized tranche was originated after December 31, 2019?

If an existing loan was originated after December 31, 2019, the Eligible Lender should use the internal risk rating given to that loan at origination to determine whether the loan is eligible for upsizing under the MSELF.

D.11. What debt is "pari passu in priority with the Eligible Loan and equivalent in secured status (i.e., secured or unsecured)" for purposes of the maximum loan size limitation applicable to an MSELF Upsized Tranche?

The maximum size of an MSELF Upsized Tranche cannot exceed 35% of the Eligible Borrower's existing outstanding and undrawn available debt that is (i) pari passu in priority with the MSELF Upsized Tranche *and* (ii) equivalent in secured status (i.e., secured or unsecured) to the MSELF Upsized Tranche. To implement this requirement, Eligible Lenders and Eligible Borrowers should use the framework below:

- **Secured Loans**: If the MSELF Upsized Tranche is part of a secured loan, then all secured debt for borrowed money of the Eligible Borrower that has not been made junior in priority through contractual subordination should be included in the calculation, regardless of the value or type of collateral.
- **Unsecured Loans**: If the MSELF Upsized Tranche is part of an unsecured loan, then all unsecured debt for borrowed money of the Eligible Borrower that has not been made junior in priority through contractual subordination should be included in the calculation.

See question B.3 for more information on contractual subordination.

D.12. What does it mean for an MSELF Upsized Tranche to be "senior to or pari passu with, in terms of priority and security, the Eligible Borrower's other loans or debt instruments, other than mortgage debt"?

MSELF Upsized Tranches must be senior to or pari passu with, in terms of priority and security, the Eligible Borrower's other Loans or Debt Instruments, other than Mortgage Debt (the **MSELF Priority and Security Requirement**). The MSELF Priority and Security Requirement is designed to prevent MSELF Upsized Tranches from being subordinated or otherwise disadvantaged in terms of priority or security in relation to the other Loans or Debt Instruments of the Eligible Borrower, except for Mortgage Debt.

For purposes of the MSELF Priority and Security Requirement:

- "**Loans or Debt Instruments**" means debt for borrowed money and all obligations evidenced by bonds, debentures, notes, loan agreements or other similar instruments, and all guarantees of the foregoing.
- "**Mortgage Debt**" means debt secured by real property at the time of the MSELF Upsized Tranche's origination.

Time of Origination: To comply with the MSELF Priority and Security Requirement at the time of origination, Eligible Lenders and Eligible Borrowers must apply the following guidance:

- **Secured Loans**: The MSELF Upsized Tranche must be secured if, at the time of origination, the Eligible Borrower has any other secured Loans or Debt Instruments, other than Mortgage Debt. The MSELF Upsized Tranche must be secured by the collateral securing any other tranche of the underlying credit facility on a pari passu basis. Eligible Lenders and Eligible Borrowers may add new collateral to secure the loan (including the MSELF Upsized Tranche on a pari passu basis) at the time of upsizing. If the underlying credit facility includes both term loan tranche(s) and revolver tranche(s), the MSELF Upsized Tranche needs to share collateral on a pari passu basis with the term loan tranche(s) only. Secured MSELF Upsized Tranches must not be contractually subordinated in terms of priority to any of the Eligible Borrower's other Loans or Debt Instruments.
- **Unsecured Loans**: The MSELF Upsized Tranche can be unsecured only if the Eligible Borrower does not have, as of the date of origination, any secured Loans or Debt Instruments (other than Mortgage Debt). Unsecured MSELF Upsized Tranches must not be contractually subordinated in terms of priority to the Eligible Borrower's other

unsecured Loans or Debt Instruments. See question B.3 for more information on contractual subordination.[2]

Life of the Loan: In order to comply with the MSELF Priority and Security Requirement during the term of the MSELF Upsized Tranche after the date of origination, the loan documentation for the MSELF Upsized Tranche must:

- ensure that the MSELF Upsized Tranche does not become contractually subordinated in terms of priority to any of the Eligible Borrower's other Loans or Debt Instruments;
- ensure that the MSELF Upsized Tranche remains secured on a pari passu basis by the collateral securing the underlying credit facility, as described in the "time of origination" section above; and
- contain a lien covenant or negative pledge that is of the type – and contains exceptions, limitations, carve-outs, baskets, materiality thresholds, and qualifiers – that are consistent with those used by the Eligible Lender in its ordinary course lending to similarly situated borrowers.
    - Appendix B contains a model lien covenant that Eligible Lenders should reference when drafting its loan documentation.
    - With respect to an underlying credit facility that has more than one lender, any lien covenant that was negotiated in good faith prior to April 24, 2020, as part of any underlying MSELF Loan, is sufficient to satisfy this requirement.

See question G.14 for more information on identifying similarly situated borrowers. See the MSELF Borrower Certifications and Covenants and MSELF Lender Transaction Specific Certifications and Covenants for more information about the responsibilities that Borrowers and Lenders have in relation to the MSELF Priority and Security Requirement.

E. Borrower Eligibility

E.1. Which entities are eligible to borrow under the Program?

To be eligible to borrow under the Program, a Business must satisfy certain eligibility criteria, as set out in the MSNLF, MSPLF, and MSELF term sheets and described further below. The Eligible Borrower criteria are the same across all three facilities.

(1) **The Business must have been established prior to March 13, 2020.** The Business must have been formed prior to March 13, 2020, under the laws of the United States, one of the several states, the District of Columbia, any of the territories and possessions of the United States, or an Indian Tribal government.

[2] For the avoidance of doubt, prohibitions on contractual subordination with respect to Main Street loans do not prevent the incurrence of obligations that have mandatory priority under the bankruptcy code or other insolvency laws that apply to entities generally.

(2) **The Business must not be an Ineligible Business.** Ineligible Businesses include Businesses listed in 13 CFR 120.110(b)-(j), (m)-(s), as modified and clarified by SBA regulations for purposes of the PPP on or before April 24, 2020. Such modifications and clarifications include the SBA's recent interim final rules available at 85 Fed. Reg. 20811, 85 Fed. Reg. 21747, and 85 Fed. Reg. 23450. The Federal Reserve may further modify the application of these restrictions to Main Street.

(3) **The Business must meet at least one of the following two conditions: (a) the Business has 15,000 employees or fewer, or (b) the Business has 2019 annual revenues of $5 billion or less.** Businesses must meet at least one of these conditions, but are not required to meet both. To determine how many employees a Business has or a Business's 2019 revenues, the employees and revenues of the Business must be aggregated with the employees and revenues of its affiliated entities.

(4) **The Business must be a U.S. Business.** Under section 4003(c)(3)(C) of the CARES Act, Eligible Borrowers must be Businesses that were created or organized in the United States or under the laws of the United States with significant operations in and a majority of their employees based in the United States.

(5) **The Business may only participate in one of the Main Street facilities (MSNLF, MSPLF, or MSELF) and must not also participate in the PMCCF.** An Eligible Borrower may only participate in one of the Main Street facilities: the MSNLF, the MSPLF, or the MSELF. In addition, a Business is not an Eligible Borrower if it participates in the PMCCF.

(6) **The Business must not have received specific support pursuant to the Coronavirus Economic Stabilization Act of 2020 (Subtitle A of Title IV of the CARES Act).** A Business is not eligible if it has received support pursuant to section 4003(b)(1)-(3) of the CARES Act.

(7) **The Business must be able to make all of the certifications and covenants required under the Program.** See the MSNLF, MSPLF, and MSELF term sheets and Section H of these FAQs for more information.

Borrowers that satisfy all criteria above may apply to an Eligible Lender for a Main Street loan. The Eligible Lender is expected to conduct an assessment of each potential borrower's financial condition to determine whether the loan is approved.

For the avoidance of doubt, a Business that has received PPP loans, or that has affiliates that have received PPP loans, is permitted to borrow under Main Street, provided that the Business is an Eligible Borrower. Borrowers that are not eligible for a Main Street loan should consult the Treasury Department and SBA to determine if they are eligible for other relief programs.

E.2. How is "Business" defined?

Businesses must be legally formed entities that are organized for profit as a partnership; a limited liability company; a corporation; an association; a trust; a cooperative; a joint venture with no more than 49 percent participation by foreign business entities; or a tribal business concern.

To be eligible for the Program, a tribal business concern must be either (i) wholly owned by one or more Indian tribal governments, or by a corporation that is wholly owned by one or more Indian tribal governments, or (ii) owned in part by one or more Indian tribal governments, or by a corporation that is wholly owned by one or more Indian tribal governments, if all other owners are either U.S. citizens or Businesses.

Other forms of organization may be considered for inclusion as an Eligible Borrower under the Program at the discretion of the Federal Reserve.

E.3. How should a Business count employees for purposes of determining eligibility under the Program?

To be an Eligible Borrower, a Business must meet at least one of the following two conditions: (a) the Business has 15,000 employees or fewer, or (b) the Business has 2019 annual revenues of $5 billion or less. To determine how many employees a Business has, it should follow the framework set out in the SBA's regulation at 13 CFR 121.106. As set out in 13 CFR 121.106, the Business should count as employees all full-time, part-time, seasonal, or otherwise employed persons, excluding volunteers and independent contractors. Businesses should count their own employees and those employed by their affiliates. In order to determine the applicable number of employees, Businesses should use the average of the total number of persons employed by the Eligible Borrower and its affiliates for each pay period over the 12 months prior to the origination or upsizing of the Main Street loan.

E.4. How should a Business calculate 2019 revenues for purposes of determining eligibility under the Program?

To be an Eligible Borrower, a Business must meet at least one of the following two conditions: (a) the Business has 15,000 employees or fewer, or (b) the Business has 2019 annual revenues of $5 billion or less. To determine its 2019 annual revenues, Businesses must aggregate their revenues with those of their affiliates. Businesses may use either of the following methods to calculate 2019 annual revenues for purposes of determining eligibility:

(1) A Business may use its (and its affiliates') annual "revenue" per its 2019 Generally Accepted Accounting Principles-based (GAAP) audited financial statements; or

(2) A Business may use its (and its affiliates') annual receipts for the fiscal year 2019, as reported to the Internal Revenue Service. For purposes of the Program, the term "receipts" has the same meaning used by the SBA in 13 CFR 121.104(a).

If a potential borrower (or its affiliate) does not yet have audited financial statements or annual receipts for 2019, the borrower (or its affiliate) should use its most recent audited financial statements or annual receipts.

E.5. Which entities are a Business's affiliates for purposes of the employee and revenue eligibility criteria?

To determine eligibility, a Business's employees and 2019 revenues are calculated by aggregating the employees and 2019 revenues of the Business itself with those of the Business's affiliated entities in accordance with the affiliation test set forth in 13 CFR 121.301(f) (1/1/2019 ed.).

E.6. Are non-profit organizations eligible to borrow under the Program?

While non-profit organizations are not currently eligible under the Program, the Federal Reserve acknowledges the unique needs of non-profit organizations, many of which are on the front lines providing critical services and research to fight the pandemic. EBITDA is the key underwriting metric required for the MSNLF, MSPLF, and MSELF. The Federal Reserve recognizes that the credit risk of non-profit organizations, as a matter of practice, is generally not evaluated on the basis of EBITDA. The Federal Reserve and the Treasury Department will be evaluating the feasibility of adjusting the borrower eligibility criteria and loan eligibility metrics of the Program for such organizations.

E.7. Will an alternative underwriting metric be developed for asset-based borrowers?

EBITDA is the key underwriting metric required for the MSNLF, MSPLF, and MSELF. The Federal Reserve recognizes that the credit risk of asset-based borrowers, as a matter of practice, is generally not evaluated on the basis of EBITDA. The Federal Reserve and the Treasury Department will be evaluating the feasibility of adjusting the loan eligibility metrics of the Program for such borrowers.

E.8. What does "significant operations in the United States" mean?

To determine if an Eligible Borrower has "significant operations" in the United States, the Business's operations should be evaluated on a consolidated basis together with its subsidiaries, but not its parent companies or sister affiliates. For example, an Eligible Borrower has significant operations in the United States if, when consolidated with its subsidiaries, greater than 50% of the Eligible Borrower's:

- assets are located in the United States;
- annual net income is generated in the United States;
- annual net operating revenues are generated in the United States; or

- annual consolidated operating expenses (excluding interest expense and any other expenses associated with debt service) are generated in the United States.

This is a non-exhaustive list of examples that reflects the principles that should be applied by a potential borrower when evaluating its eligibility under this criterion.

E.9. Can a U.S. company that is a subsidiary of a foreign company qualify as an Eligible Borrower?

An Eligible Borrower must be created or organized in the United States or under the laws of the United States. For the avoidance of doubt, an Eligible Borrower may be a subsidiary of a foreign company, provided that the borrower itself is created or organized in the United States or under the laws of the United States, and the borrower on a consolidated basis has significant operations in and a majority of its employees based in the United States. However, an Eligible Borrower that is a subsidiary of a foreign company must use the proceeds of a Main Street loan only for the benefit of the Eligible Borrower, its consolidated U.S. subsidiaries, and other affiliates of the Eligible Borrower that are U.S. businesses. The proceeds of a Main Street loan may not be used for the benefit of an Eligible Borrower's foreign parents, affiliates or subsidiaries.

E.10. Can an otherwise eligible business borrow if its affiliate has already borrowed under a Main Street Facility or the PMCCF?

An affiliated group of companies can participate in only one Main Street facility, and cannot participate in both a Main Street facility and the PMCCF. Therefore, borrowers that are otherwise eligible are subject to the following restrictions:

- If any affiliate of the Business has participated in the PMCCF, the Business may not borrow under any Main Street facility.
- If an affiliate has previously participated, or has a pending application to participate, in a Main Street facility, the Business can only participate in Main Street by using the same Main Street facility accessed by its affiliate. For example, if an Eligible Borrower's affiliate has participated in the MSNLF, then the Eligible Borrower would only be able to participate in the MSNLF and would be prohibited from participating in the MSPLF and MSELF.
- In no case could the affiliated group's total participation in a single Main Street facility exceed the maximum loan size that the affiliated group is eligible to receive on a consolidated basis. As result, an Eligible Borrower's maximum loan size would be limited by its own leverage level, the leverage level of the affiliated group on a consolidated basis, and the size of any loan extended to other affiliates in the group. For example, in the case of the MSNLF, the Eligible Borrower's maximum loan size would be the lesser of:

(1) $25 million (less any amount extended to an affiliate of the Eligible Borrower under the MSNLF);

(2) an amount that, when added to the Eligible Borrower's existing outstanding and undrawn available debt, does not exceed four times the Eligible Borrower's adjusted 2019 EBITDA; or

(3) an amount that, when added to the Eligible Borrower's affiliated group's existing outstanding and undrawn available debt, does not exceed four times the affiliated group's adjusted 2019 EBITDA.

For more information on how to identify an Eligible Borrower's affiliates, see question E.5 above.

E.11. Is a private equity fund eligible to borrow under the Program?

No. As provided in the Program term sheets and question E.1, to be an Eligible Borrower under the Program, a Business must not be an Ineligible Business listed in 13 CFR 120.110, as modified and clarified by SBA regulations for purposes of the PPP on or before April 24, 2020. SBA has determined that private equity funds are primarily engaged in investment or speculation, and that such Businesses are therefore ineligible to receive PPP loans under 13 CFR 120.110(s). See SBA PPP Interim Final Rule at 85 Fed. Reg. 23450 (released by the SBA on April 24, 2020).

E.12. Is a portfolio company of a private equity fund eligible to borrow under the Program?

As provided in question E.5., to determine eligibility, a Business's employees and 2019 annual revenues are calculated by aggregating the employees and the 2019 annual revenues of the Business itself with those of the Business's affiliated entities in accordance with the affiliation test set forth in 13 CFR 121.301(f) (1/1/2019 ed.). This affiliation test applies to private equity-owned Businesses in the same manner as any other Business subject to outside ownership or control.[3]

For example, assume Business X seeks to borrow under the Program. Business X has fewer than 15,000 employees and its 2019 annual revenues were below $5 billion. However, Business Y owns more than 50 percent of the voting equity of Business X and Businesses A, B, C, and D. As a result, Businesses A, B, C, D, X, and Y are all affiliated entities. 13 CFR 121.301(f)(1) and (3) (1/1/2019 ed.). In order for Business X to be an Eligible Borrower under the Program, it must meet one of the following two conditions: (a) the aggregate number of employees of Business X and its affiliated entities must be 15,000 or fewer; or (b) the aggregate 2019 annual

[3] The SBA affiliation exceptions in 13 CFR 121.103(b) apply to the Program, including the exception for business concerns owned in whole or substantial part by investment companies licensed under the Small Business Investment Act of 1958, as amended. See 13 CFR 121.301(f)(7) (1/1/2019 ed.).

revenues of Business X and its affiliated entities must be $5 billion or less. See 13 CFR 121.301(f)(6) (1/1/2019 ed.).

F. Application Process

F.1. How can I apply for a Program loan?

To obtain a loan under the Program, an Eligible Borrower must submit an application and any other documentation required by an Eligible Lender to such Eligible Lender. Eligible Borrowers should contact an Eligible Lender for more information on whether the Eligible Lender plans to participate in the Program and to request more information on the application process.

Updates regarding the Program, including the official launch date and the time and date at which the Main Street SPV will begin purchasing participations in MSNLF Loans, MSPLF Loans, and MSELF Upsized Tranches, will be made available on the Board's Main Street page

F.2. Is a Business eligible to borrow if it receives a PPP loan?

A Business that receives a loan through the SBA's PPP can be an Eligible Borrower under Main Street if it meets the Eligible Borrower criteria.

F.3. Do Eligible Borrowers qualify automatically for a loan under the Program?

No. The term sheet contains minimum requirements for the Program. Eligible Lenders are expected to conduct an assessment of each potential borrower's financial condition at the time of the potential borrower's application. Eligible Lenders will apply their own underwriting standards in evaluating the financial condition and creditworthiness of a potential borrower. An Eligible Lender may require additional information and documentation in making this evaluation and will ultimately determine whether an Eligible Borrower is approved for a Program loan in light of these considerations. Businesses that otherwise meet the Eligible Borrower requirements may not be approved for a loan or may not receive the maximum allowable amount.

G. Terms and Conditions

G.1. How will adjusted 2019 EBITDA be calculated?

For MSNLF and MSPLF, the methodology an Eligible Lender requires an Eligible Borrower to use when calculating its adjusted 2019 EBITDA must be a methodology the Eligible Lender previously required to be used for adjusting EBITDA when extending credit to the Eligible Borrower or to similarly situated borrowers on or before April 24, 2020.

For MSELF Eligible Loans, the methodology an Eligible Lender requires an Eligible Borrower to use when calculating its adjusted 2019 EBITDA must be the methodology the Eligible Lender previously required to be used for adjusting EBITDA when originating or amending the underlying loan on or before April 24, 2020.

G.2. How will "existing outstanding and undrawn available debt" be calculated?

"Existing outstanding and undrawn available debt" includes all amounts borrowed under any loan facility, including unsecured or secured loans from any bank, non-bank financial institution, or private lender, as well as any publicly issued bonds or private placement facilities. It also includes all unused commitments under any loan facility, excluding (1) any undrawn commitment that serves as a backup line for commercial paper issuance, (2) any undrawn commitment that is used to finance receivables (including seasonal financing of inventory), (3) any undrawn commitment that cannot be drawn without additional collateral, and (4) any undrawn commitment that is no longer available due to change in circumstance. Existing outstanding and undrawn available debt should be calculated as of the date of the loan application.

G.3. Why are Program loans based on LIBOR rather than SOFR?

The Federal Reserve received feedback from potential participants that quickly implementing new systems to issue loans based on SOFR would require diverting resources from challenges related to the pandemic. Although financial institutions are transitioning to more robust reference rates, LIBOR remains the most common base rate used in business lending, even though firms cannot rely on LIBOR being published after the end of 2021. Consistent with the recommendations of the Alternative Reference Rates Committee, Eligible Lenders and Eligible Borrowers should include fallback contract language to be used should LIBOR become unavailable during the term of the loan.

G.4. When do I need to start paying interest on my loan?

No payments of principal or interest will be required during the first 12 months of the loan. Principal and interest payments for all loans obtained under the Program (MSNLF, MSPLF, or MSELF) are deferred for one year. Unpaid interest will be capitalized.

G.5. How will principal be amortized after the first year?

- **MSNLF**: No principal is paid in the first year. The loan will be amortized over the remaining term of the loan, with one-third of principal due at the end of each of years 2 and 3, and one-third due at maturity at the end of year 4.
- **MSPLF and MSELF**: No principal is paid in the first year. The loan will be amortized over the remaining term of the loan, with 15% of principal due at the end of year 2, 15% of principal due at the end of year 3, and a balloon payment of 70% of principal due at maturity at the end of year 4.

For purposes of this question, principal includes capitalized interest. Eligible Lenders will provide Eligible Borrowers with payment information during the Program loan origination process.

G.6. Is collateral required for Main Street loans?

MSNLF Loans, MSPLF Loans, and MSELF Upsized Tranches may be secured or unsecured.

An MSELF Upsized Tranche must be secured if the underlying loan is secured. In such case, any collateral securing the underlying loan (at the time of upsizing or on any subsequent date) must secure the MSELF Upsized Tranche on a pari passu basis. Under such an arrangement, if the borrower defaults, the SPV and lender(s) would share equally in any collateral available to support the loan relative to their proportional interests in the loan (including the MSELF Upsized Tranche). Eligible Lenders can require Eligible Borrowers to pledge additional collateral to secure an MSELF Upsized Tranche as a condition of approval.

G.7. Are there fees associated with Main Street loans?

Yes, there are fees associated with the MSNLF, MSPLF, and MSELF.

- **MSNLF and MSPLF**: Eligible Lenders will pay the Main Street SPV a transaction fee of 100 basis points of the principal amount of the MSNLF or MSPLF Loan at the time of origination, and may pass on this fee to Eligible Borrowers. In addition, the Eligible Borrower will pay the Eligible Lender a fee of up to 100 basis points of the principal amount of the MSNLF or MSPLF Loan at the time of origination. Eligible Lenders have discretion over whether and when to charge Eligible Borrowers this fee.
- **MSELF**: Eligible Lenders will pay the Main Street SPV a transaction fee of 75 basis points of the principal amount of the MSELF Upsized Tranche at the time of upsizing, and may choose to pass on this fee to Eligible Borrowers. In addition, the Eligible Borrower will pay an Eligible Lender a fee of up to 75 basis points of the principal amount of the MSELF Upsized Tranche at the time of upsizing. Eligible Lenders have discretion over whether and when to charge Eligible Borrowers this fee.

The SPV will pay an Eligible Lender 25 basis points of the principal amount of its participation per annum for loan servicing.

G.8. What constitutes "commercially reasonable efforts" to maintain payroll and retain employees?

Eligible Borrowers should make commercially reasonable efforts to retain employees during the term of the MSNLF Loan, MSPLF Loan, or MSELF Upsized Tranche. Specifically, an Eligible Borrower should undertake good-faith efforts to maintain payroll and retain employees, in light of its capacities, the economic environment, its available resources, and the business need for labor. Borrowers that have already laid-off or furloughed workers as a result of the disruptions from COVID-19 are eligible to apply for Main Street loans.

G.9. Can an Eligible Borrower receive more than one Main Street loan?

An Eligible Borrower may only participate in one of the Main Street facilities: the MSNLF, the MSPLF, or the MSELF. However, an Eligible Borrower may receive more than one loan under a single Main Street facility, provided that the sum of MSNLF Loans or MSPLF Loans received by a single borrower cannot exceed $25 million; and the sum of MSELF Upsized Tranches received by a single borrower cannot exceed $200 million.

G.10. Can an Eligible Borrower receive a loan if its maximum loan size under a facility's term sheet test is below the minimum loan size for the same facility?

No, borrowers may not receive a loan that is below the minimum loan size, which is $500,000 for MSNLF Loans and MSPLF Loans, and $10 million for MSELF Upsized Tranches.

G.11. How can an Eligible Borrower determine if its existing loans had an internal risk rating equivalent to a "pass" in the FFIEC's supervisory rating system on December 31, 2019?

If an otherwise Eligible Borrower applies for a loan at an Eligible Lender with which it has an outstanding loan, the Eligible Lender will make the determination of whether the borrower's existing loans have an internal risk rating that meets the requirements in the Main Street term sheets. The Eligible Lender will also assess the potential borrower's financial condition at the time of the application.

G.12. Can a Lender charge a Borrower additional fees above the Main Street origination fee and/or an interest rate above LIBOR + 300 basis points?

Eligible Lenders are allowed to charge Eligible Borrowers a one-time origination fee as set out in the Main Street term sheets. In addition, Eligible Lenders may also require Eligible Borrowers to pay the transaction fee, which the Eligible Lenders must in turn pay to the Main Street SPV. Eligible Lenders are not permitted to charge Eligible Borrowers any additional fees, except de minimis fees for services that are customary and necessary in the Eligible Lender's underwriting of commercial and industrial loans to similar borrowers, such as appraisal and legal fees. Eligible Lenders should not charge servicing fees to Eligible Borrowers.

Main Street loans must have an interest rate of LIBOR (1 month or 3 month) + 300 basis points.

G.13. What methodology should be used to adjust EBITDA if an Eligible Lender has used a range of methods in the past with respect to a single Eligible Borrower or similarly situated borrowers?

An Eligible Lender should require the Eligible Borrower to adjust its 2019 EBITDA by using the methodology that the Eligible Lender has previously required for EBITDA adjustments when extending credit to the Eligible Borrower or, if the Eligible Borrower is a new customer, similarly situated borrowers on or before April 24, 2020. If an Eligible Lender has used multiple EBITDA adjustment methods with respect to the Eligible Borrower or similarly situated borrowers (e.g., one for use within a credit agreement and one for internal risk management purposes), the Eligible Lender should choose the most conservative method it has employed. In all cases, the Eligible Lender must select a single method used at a point in time in the recent past and before April 24, 2020. The Eligible Lender may not "cherry pick" or apply adjustments used at different points in time or for a range of purposes. The Eligible Lender should document the rationale for its selection of an adjusted EBITDA methodology.

G.14. For purposes of adjusting EBITDA, how does an Eligible Lender identify "similarly situated borrowers"?

Similarly situated borrowers are borrowers in similar industries with comparable risk and size characteristics. Eligible Lenders should document their process for identifying similarly situated borrowers when they originate an MSNLF Loan or an MSPLF Loan.

G.15. Why is the Federal Reserve allowing adjustments to EBITDA for purposes of Main Street when it has noted supervisory concerns with these adjustments in the past? Is there a limit to how much EBITDA can be adjusted?

It is normal industry practice for lenders and borrowers to agree to adjust a borrower's EBITDA to accommodate differences in business models across industries and to accommodate one-time events that may positively or negatively impact a borrower's earnings. When applied prudently, these adjustments may provide a lender with a more accurate representation of a business's earnings capacity over time.

While the Main Street term sheets do not include limits on how much EBITDA can be adjusted, there are important features of the Program that are designed to limit excessive risk-taking. First, EBITDA adjustments must be of the type the Eligible Lender has previously (and recently) required for the Eligible Borrower or similarly situated borrowers. The Eligible Lender should document the rationale for its selection of an adjusted EBITDA methodology. See questions G.13 and G.14 above for more information.

In addition, the EBITDA-based leverage requirements should be viewed as minimum requirements for the Program. Eligible Lenders are expected to conduct an assessment of each potential borrower's financial condition at the time of the borrower's application.

Finally, the Program requires that a Main Street loan have an internal risk rating from the Eligible Lender equivalent to a "pass" in the FFIEC's supervisory rating system as of December 31, 2019. Loans that were criticized in the past for excessive adjustments would not be eligible for the Program.

H. Certifications and Covenants

H.1. Are the required certifications and covenants under the three Main Street facilities the same?

The certifications for Lenders and Borrowers vary by Main Street facility and are available below:

- MSNLF Borrower Certifications and Covenants
- MSPLF Borrower Certifications and Covenants
- MSELF Borrower Certifications and Covenants
- MSNLF Lender Transaction Specific Certifications and Covenants
- MSPLF Lender Transaction Specific Certifications and Covenants
- MSELF Lender Transaction Specific Certifications and Covenants

H.2. What compensation, stock repurchase and capital distributions restrictions apply?

The compensation, stock repurchase, and capital distribution restrictions that apply to direct loan programs under section 4003(c)(3)(A)(ii) of the CARES Act apply under each of the MSELF, MSNLF and MSPLF, except that, in each case, restrictions on dividends and other capital distributions will not apply to distributions made by an S corporation or other tax pass-through entity to the extent reasonably required to cover its owners' tax obligations in respect of the entity's earnings.

H.3. What restrictions are placed on the Eligible Borrower's ability to repay existing debt?

The restrictions on repaying debt vary across the various Main Street loans:

- **MSNLF and MSELF**: The Eligible Borrower must commit to refrain from repaying the principal balance of, or paying any interest on, any debt until the MSNLF Loan or the MSELF Upsized Tranche is repaid in full, unless the debt or interest payment is mandatory and due. The Eligible Borrower must also commit that it will not seek to cancel or reduce any of its committed lines of credit with the Eligible Lender or any other lender.

- **MSPLF**: The Eligible Borrower must commit to refrain from repaying the principal balance of, or paying any interest on, any debt until the MSPLF Loan is repaid in full, unless the debt or interest payment is mandatory and due; however, the Eligible Borrower may, at the time of origination of the MSPLF Loan, refinance existing debt owed by the Eligible Borrower to a lender that is not the Eligible Lender. The Eligible Borrower must also commit that it will not seek to cancel or reduce any of its committed lines of credit with the Eligible Lender or any other lender.

These covenants would not prohibit an Eligible Borrower from undertaking any of the following actions during the term of the MSNLF Loan, MSPLF Loan, or MSELF Upsized Tranche:

- repaying a line of credit (including a credit card) in accordance with the Eligible Borrower's normal course of business usage for such line of credit;
- taking on and paying additional debt obligations required in the normal course of business and on standard terms, including inventory and equipment financing, provided that such debt is secured only by the newly acquired property (e.g., inventory or equipment), and, apart from such security, is of equal or lower priority than the MSNLF Loan, the MSPLF Loan, or the MSELF Upsized Tranche; or
- refinancing maturing debt.

H.4. Is an Eligible Lender permitted to accept partial repayment of an Eligible Borrower's existing line of credit with the Eligible Lender?

The Eligible Lender would not be prevented from accepting repayments on a line of credit from an Eligible Borrower in accordance with the Eligible Borrower's normal course of business usage for such line of credit.

H.5. What restrictions are placed on an Eligible Lender's ability to cancel or reduce any existing committed lines of credit outstanding?

An Eligible Lender must commit that it will not cancel or reduce any existing committed lines of credit outstanding to the Eligible Borrower, except in an event of default. This requirement does not prohibit the reduction or termination of uncommitted lines of credit, the expiration of existing lines of credit in accordance with their terms, or the reduction of availability under existing lines of credit in accordance with their terms due to changes in borrowing bases or reserves in asset-based or similar structures.

H.6. What is the Eligible Lender's role in verifying certifications and covenants?

An Eligible Lender is required to collect the required certifications and covenants from each Eligible Borrower at the time of origination or upsizing. Eligible Lenders may rely on an Eligible Borrower's certifications and covenants, as well as any subsequent self-reporting by the Eligible Borrower. The Eligible Lender is not expected to independently verify the Eligible Borrower's certifications or actively monitor ongoing compliance with covenants required for Eligible Borrowers under the Main Street term sheets. If an Eligible Lender becomes aware that an Eligible Borrower made a material misstatement or otherwise breached a covenant during the term of an MSNLF Loan, MSPLF Loan, or MSELF Upsized Tranche, the Eligible Lender should notify the FRB Boston.

H.7. What debt and interest payments are considered "mandatory and due"?

The debt repayment covenants generally prohibit an Eligible Borrower from repaying the principal balance of, or paying any interest on, any debt until the Main Street loan is repaid in full, unless the principal or interest payment is "mandatory and due." With respect to debt that predates the Main Street loan, principal and interest payments are "mandatory and due":

- on the future date upon which they were scheduled to be paid as of April 24, 2020, or
- upon the occurrence of an event that automatically triggers mandatory prepayments under a contract for indebtedness that the Eligible Borrower executed prior to April 24, 2020, except that any such prepayments triggered by the incurrence of new debt can only be paid:
    - if such prepayments are de minimis, or
    - under the MSPLF at the time of origination of an MSPLF Loan.

For the avoidance of doubt, under the Program, Eligible Borrowers may continue to pay, and Eligible Lenders may request that Eligible Borrowers pay, interest or principal payments on outstanding debt on (or after) the payment due date, provided that the payment due date was scheduled prior to April 24, 2020. Eligible Borrowers may not pay, and Eligible Lenders may not request that Eligible Borrowers pay, interest or principal payments on such debt ahead of schedule during the life of the Program loan, unless required by a mandatory prepayment clause as specifically permitted above.

For future debt incurred by the Borrower in compliance with the terms and conditions of the Program loan, principal and interest payments are "mandatory and due" on their scheduled dates or upon the occurrence of an event that automatically triggers mandatory prepayments.

See question H.3 above for more information about the debt payment covenants generally, including with respect to treatment of lines of credit.

H.8. Can an Eligible Borrower receive an MSNLF Loan or an MSELF Upsized Tranche if its existing debt arrangements require prepayment of an amount that is not de minimis upon the incurrence of new debt?

If an Eligible Borrower has an existing debt arrangement that requires prepayment of more than a de minimis amount upon the incurrence of new debt, the Eligible Borrower cannot receive an MSNLF Loan or an MSELF Upsized Tranche unless such requirement is waived or reduced to a de minimis amount by the relevant creditor.

H.9. How must a Main Street borrower demonstrate that it is "unable to secure adequate credit accommodations from other banking institutions"?

Being unable to secure adequate credit accommodations does not mean that no credit from other sources is available to the borrower. Rather, the borrower may certify that it is unable to secure "adequate credit accommodations" because the amount, price, or terms of credit available from other sources are inadequate for the borrower's needs during the current unusual and exigent circumstances. Borrowers are not required to demonstrate that applications for credit had been denied by other lenders or otherwise document that the amount, price, or terms of credit available elsewhere are inadequate.

I. Lender Information

I.1. Which financial institutions are eligible to make loans under the Program?

U.S. federally-insured depository institutions (including banks, savings associations, and credit unions), U.S. branches or agencies of foreign banks, U.S. bank holding companies, U.S. savings and loan holding companies, U.S. intermediate holding companies of foreign banking organizations, or any U.S. subsidiary of any of the foregoing are eligible to participate in the Program. At this time, nonbank financial institutions are not considered Eligible Lenders for purposes of the Program. However, the Federal Reserve is considering options to expand the list of Eligible Lenders in the future.

I.2. How should an Eligible Lender evaluate an Eligible Borrower's creditworthiness?

Eligible Lenders should view the eligibility criteria in the term sheets as the minimum requirements for the Program. Eligible Lenders are expected to conduct an assessment of each potential borrower's financial condition at the time of the potential borrower's application. Eligible Lenders will apply their own underwriting standards in evaluating the financial condition and creditworthiness of a potential borrower. An Eligible Lender may require additional information and documentation in making this evaluation and will ultimately determine whether an Eligible Borrower is approved for a Program loan in light of these considerations. Businesses that otherwise meet the Eligible Borrower requirements may not be approved for a loan or receive the maximum allowable amount.

I.3. Can multiple affiliated Eligible Lenders participate in Main Street?

Yes. Multiple affiliated entities may register as Eligible Lenders under the Program.

I.4. Will standard loan documents be provided for Main Street loans, or should Eligible Lenders use their own loan documentation?

Each participating Eligible Lender should use its own loan documentation in relation to Main Street loans. Such documentation should be substantially similar, including with respect to required covenants, to the loan documentation that the Eligible Lender uses in its ordinary course lending to similarly situated borrowers, adjusted only as appropriate to reflect the requirements of the Program. Appendix A contains a checklist of the items that must be reflected in the loan documentation in order for the Main Street SPV to purchase a participation in a loan. Appendix B includes certain model covenants that Eligible Lenders can elect to reference when drafting their loan documentation in order to satisfy the Appendix A requirements. Appendix C includes a list of the financial information that Eligible Lenders must require Eligible Borrowers to provide on an ongoing basis until the loans mature.

I.5. How should an Eligible Lender account for the transfer of an undivided participation interest in the loan to the Main Street SPV?

The transfer of an undivided participation interest in an MSNLF Loan, MSPLF Loan, or an MSELF Upsized Tranche is structured with the intent to (a) meet the accounting definition of a participating interest; (b) qualify as a true sale under the Bankruptcy Code; and (c) meet the criteria for sale accounting outlined in ASC 860, Transfers and Servicing.

The Federal Reserve expects that an Eligible Lender would generally be able to support the conclusion that the transfer of a participation interest in an MSNLF Loan, MSPLF Loan, or an MSELF Upsized Tranche made in accordance with the Program requirements qualifies for sale accounting under ASC 860. However, an Eligible Lender will need to evaluate any entity-specific considerations in determining the appropriate conclusion.

For the MSELF, the accounting considerations described above relate to situations where an Eligible Lender has appropriately concluded that the MSELF Upsized Tranche is a separate and distinct unit of account for accounting purposes. This conclusion will vary depending on transaction-specific considerations as an Eligible Lender has the ability to customize certain details that may be pertinent to the unit of account analysis. Factors that an Eligible Lender should consider in evaluating whether the MSELF Upsized Tranche can be considered a separate and distinct unit of account, apart from the existing term loan or revolving credit facility, for accounting purposes include, but are not limited to:

- the characteristics of the MSELF Upsized Tranche compared to the characteristics of the existing term loan or revolving credit facility (e.g., maturity date, amortization schedule, collateral requirement, payment date, and interest rate); and
- how an Eligible Lender operationalizes the MSELF Upsized Tranche, including whether scheduled principal and interest payments are commingled with payments on the existing term loan or revolving credit facility, whether the payments made by the Eligible Borrower clearly indicate which loan the payment is intended to settle, and whether the Eligible Lender separately maintains detailed record-keeping.

Federal Reserve staff has discussed the broad terms and intent of the Program with staff of the SEC's Office of the Chief Accountant (OCA). OCA staff have indicated they are available for consultation on an entity's specific facts and circumstances as needed.

J. Loan Participation

J.1. What loan documentation is required to sell a participation to the Main Street SPV under the Program?

Information regarding the loan documentation required to sell a loan participation to the SPV will be made available on the Board's website.

J.2. What loan-level information will the SPV collect for credit monitoring purposes?

See Appendix C.

J.3. Is there a limit to the volume of participations the Main Street SPV can purchase from a single Eligible Lender?

Apart from the Program's size and time limitations, there is no limit on the amount of participations the Main Street SPV can purchase from a single Eligible Lender.

J.4. Under the Loan Participation Agreement, when can the Main Street SPV sell its loan participation or elevate its loan participation into an assignment?

Under the Loan Participation Agreement, the Main Street SPV is generally permitted to sell its participation (without elevating) only with the contemporaneous consent of the Eligible Lender. In addition, it is generally permitted to elevate its participation into an assignment only with the contemporaneous consent of the Eligible Borrower, the Eligible Lender, and other necessary parties (i.e., the administrative agent in a multi-lender facility). However, the SPV may do the following without such contemporaneous consent:

- It may sell or transfer its loan participation in full, but not in part, without elevating, at any time to any Federal Reserve Bank, any vehicle authorized to be established by the Board or any Federal Reserve Bank, any entity created by an act of Congress, or any vehicle established or acquired by the Department of the Treasury or any other department or agency of the federal government. These transfers cannot be undertaken to effect a securitization.
- It may sell or transfer its loan participation, or elevate its participation to an assignment (to itself or a third-party), upon the following events:
  - at the option of the Main Street SPV, if the Eligible Borrower has failed to make any payment due under its loan contract with the Eligible Lender and the applicable grace period has elapsed;
  - at the option of the Main Street SPV, if the Eligible Borrower or the Eligible Lender has become the subject of bankruptcy or other insolvency proceedings;
  - automatically, if the Eligible Lender would take, or refrain from taking, an action that would result in impermissible forgiveness of principal of the portion of the Program loan beneficially owned by the Main Street SPV (to prevent a violation of section 4003(d)(3) of the CARES Act); and
  - if required to do so by a statute or court.

Please see the form Loan Participation Agreement Standard Terms and Conditions for more detail regarding the above.

J.5. What role will the Main Street SPV play in the event an Eligible Borrower enters distress?

Prior to an Eligible Borrower entering distress, the Main Street SPV will rely on the Eligible Lender to service each Main Street loan in accordance with the standard of care set out in the Loan Participation Agreement and in light of the duties of the Eligible Lender under the Servicing Agreement. Except as set out in question J.4, the Main Street SPV cannot elevate its interest during this time without the contemporaneous consent of the Eligible Borrower and the Eligible Lender, and typically would not seek to do so.

Once an Eligible Borrower misses a mandatory and due payment on the Program loan (beyond the applicable grace period), or the Eligible Borrower or Eligible Lender enters into bankruptcy or other insolvency proceedings, the Main Street SPV will have the option to elevate its participation to an assignment to be in privity with the Eligible Borrower. However, the Federal Reserve does not expect the Main Street SPV to use this right as a matter of course. Rather, the Federal Reserve would expect Eligible Lenders to follow market-standard workout processes and to exercise the standard of care set out in the Loan Participation Agreement (i.e., to exercise the same duty of care in approaching such proceedings as it would exercise if it retained a beneficial interest in the entire loan). In general, the Federal Reserve expects that the Main Street SPV generally would not expect to elevate and assign except in situations where (i) the economic interests of the Eligible Lender and the Main Street SPV are misaligned, or (ii) the loan amount is relatively large in comparison to other loans in the Main Street SPV's portfolio of participations.

J.6. How will the Main Street SPV approach decision-making with respect to its voting rights under the Loan Participation Agreement or Co-Lender Agreement?

Main Street is an emergency lending program, not a grant program. Consistent with Section 13(3) of the Federal Reserve Act and the Federal Reserve's obligations under the CARES Act, the Main Street SPV will make commercially reasonable decisions to protect taxpayers from losses on Main Street loans and will not be influenced by non-economic factors when exercising its voting rights under the Loan Participation Agreement or the Co-Lender Agreement, including with respect to a borrower that is the subject of a workout or restructuring.

J.7. Will the Main Street SPV assert special administrative priority under Section 507(a)(2) of the Bankruptcy Code for its claims against an Eligible Borrower in bankruptcy proceedings?

No. Under the Loan Participation Agreement and Co-Lender Agreement, the Main Street SPV (and any other entity that steps into its shoes) has waived and disclaimed its right to assert special administrative priority under Section 507(a)(2) of the Bankruptcy Code. The Federal Reserve believes that waiving and disclaiming its right to such priority will enhance the efficacy of the Program and provide certainty to Eligible Lenders and Eligible Borrowers, without compromising taxpayer protection.

- ***Taxpayer Recovery.*** The Federal Reserve has determined that failing to waive and disclaim its right to assert this special priority may trigger technical cross-defaults related to an Eligible Borrower's other existing debt obligations, and could prevent Eligible Borrowers from securing new debt, including potential Debtor-in-Possession financing. Such consequences would undermine the Main Street SPV's efforts to maximize recovery for taxpayers, including in the case of an Eligible Borrower's restructuring or workout. Further, the assertion of this special priority could require costly litigation in the case of any Eligible Borrower bankruptcy, which would limit net recovery.
- ***Limited Scope of the Special Priority.*** Special priority is likely to improve taxpayer recoveries only in limited situations. In general, special priority would enhance the Federal Reserve's recoveries only in some situations where the Main Street SPV is one of multiple unsubordinated unsecured creditors of the Eligible Borrower at the time of

its bankruptcy, and only to the extent the SPV would not have to share its special recoveries with other creditors due to underlying inter-creditor agreements.

- ***Efficacy of Main Street.*** The Federal Reserve also believes that failing to waive or disclaim its rights to assert special priority may limit the efficacy of the Program, because Eligible Lenders likely would be hesitant to use a Program that would effectively subordinate the credit they have already extended to an Eligible Borrower.
- ***Other Taxpayer Protections.*** The MSNLF, MSELF, and MSPLF include features that are intended to mitigate risk to the Federal Reserve and taxpayers. For example, Eligible Lenders are required to retain a portion of each loan's risk, the maximum loan size for each facility is limited by an Eligible Borrower's existing leverage, and Eligible Borrowers are constrained in their ability to prepay other existing debts. Further, an Eligible Borrower's loans outstanding with the Eligible Lender must have received an internal FFIEC "pass" rating, as of December 31, 2019. Together, the Federal Reserve believes that these and other design features are sufficient to protect taxpayers from losses.

K. Regulatory Treatment

K.1. What is the regulatory capital treatment for the interest in a Main Street loan retained by an Eligible Lender?

The interest in the portion of a Main Street loan that is retained by an Eligible Lender should be assigned the risk weight applicable to the counterparty for the loan—generally a 100 percent risk weight for a corporate exposure under the standardized approach. For purposes of risk-based capital rules and leverage rules, the exposure amount for MSPLF Loans is 15 percent of the outstanding MSPLF Loan balance; and the exposure amount for MSNLF Loans and MSELF Upsized Tranches is 5 percent of the MSNLF Loan balance or MSELF Upsized Tranche balance, respectively. With respect to the MSELF, this treatment applies only to the outstanding MSELF Upsized Tranche balance; the underlying loan or line of credit would be subject to the capital treatment that applied prior to the sale of the participation to the Main Street SPV.

Secured Main Street loans are eligible for the credit risk mitigation treatment in the standardized approach provided that any collateral securing the loan is eligible financial collateral. Eligible Lenders are not permitted to recognize collateral attributable to the Main Street SPV's interest for purposes of the credit risk mitigation treatment under the capital rule.

The treatment described above applies only to Eligible Lenders that are subject to the federal banking agencies' capital rule. Credit unions that participate in the Program are subject to any capital requirements implemented by the National Credit Union Administration.

K.2. How will Program loans be treated for supervised firms subject to stress testing?

The capital planning guidance issued by the Federal Reserve in 2015 (SR 15-18 and SR 15-19) includes supervisory expectations for capital planning and stress testing for certain supervised firms. Such firms should continue to reference that guidance when evaluating Program loans for capital planning and stress testing purposes. Eligible Lenders subject to capital planning guidance should evaluate only the retained portion of Program loans for capital planning and stress testing purposes, as the sale of participations to the SPV will be structured as "true sales."

The supervisory stress test methodology to assign losses to and revenues stemming from different types of exposures is publicly available and described in "Dodd-Frank Act Stress Test 2020: Supervisory Stress Test Methodology."

K.3. Are Main Street loans for existing customers considered new accounts for FinCEN Rule CDD purposes? Are lenders required to collect, certify, or verify beneficial ownership information in accordance with the rule requirements for existing customers?

FinCEN has provided the following guidance to the Board with respect to this question: If the Main Street loan is being made to an existing customer and the necessary information was previously verified, you do not need to re-verify the information. Furthermore, if Eligible Lenders for purposes of the Program have not yet collected beneficial ownership information on existing customers, such institutions do not need to collect and verify beneficial ownership information for those customers applying for new Main Street loans, unless otherwise indicated by the Eligible Lender's risk-based approach to Bank Secrecy Act compliance.

K.4. How will federal supervisors treat loans extended through the Main Street program?

Given the severe economic dislocations caused by the COVID-19 pandemic, many Main Street loan applicants may be experiencing temporary cash flow disruptions. Supervisors acknowledge the high degree of uncertainty in predicting COVID-19's economic impact and effect on individual borrowers. Eligible Lenders are encouraged to work with borrowers affected by COVID-19 and may originate or expand loans to such borrowers under the Main Street Program. An Eligible Lender should evaluate and satisfy themselves with respect to a borrower's ability to repay Main Street Program loans. The assessments should consider a borrower's credit history and financial performance prior to the crisis, as well as its post pandemic business prospects. Eligible Lenders should apply safe and sound credit risk management policies and practices throughout the life of Main Street Program loans. Supervisors will approach Program loans in a manner consistent with their supervisory approach to other commercial and industrial loans. Supervisory expectations regarding appropriate risk management practices under extraordinary circumstances are outlined in SR 17-14.

L. Operational Details

L.1. How will the Federal Reserve administer the Program?

The Program will be administered by the FRB Boston, which will establish the Main Street SPV to purchase loan participations from Eligible Lenders in any of the twelve Federal Reserve districts. Further detail regarding how the Program will be operationalized will be made available in the future.

L.2. What information will the Federal Reserve disclose regarding the Main Street facilities?

The Federal Reserve will disclose information regarding the MSNLF, MSPLF, and MSELF during the operation of the facilities, including information regarding names of lenders and borrowers, amounts borrowed and interest rates charged, and overall costs, revenues and other fees.

Balance sheet items related to the MSNLF, MSPLF and MSELF will be reported weekly, on an aggregated basis, on the H.4.1 statistical release titled "Factors Affecting Reserve Balances of Depository Institutions and Condition Statement of Federal Reserve Banks," published by the Federal Reserve. In addition, the Federal Reserve will disclose to Congress information pursuant to Section 13(3) of the Federal Reserve Act, as amended by the Dodd-Frank Wall Street Reform and Consumer Protection Act, and the Board's Regulation A.

Under section 11(s) of the Federal Reserve Act, the Federal Reserve also will disclose information concerning the facilities one year after the effective date of the termination by the Board of the authorization of the facilities. This disclosure will include names and identifying details of each participant in the facilities, the amount borrowed, the interest rate or discount paid, and information concerning the types and amounts of collateral pledged or assets transferred in connection with participation in the facilities.

L.3. How will the remaining capacity of the Program be communicated?

The Federal Reserve will provide periodic reports on the size of the Program and its remaining capacity.

L.4. Are Eligible Lenders required to commit and pre-fund loans under the Program before the SPV has committed to purchase its participation in a Program Loan?

No. When operational, Eligible Lenders will have two options for funding loans under the Program:

1. **Funded Loan**: An Eligible Lender may extend an MSNLF Loan, an MSPLF Loan, or an MSELF Upsized Tranche to an Eligible Borrower and fund such loan. The Eligible Lender, if registered with the Program, can then seek to sell a participation in such loan to the Main Street SPV by submitting all of the required documentation, completed and signed, for processing. Upon determining that such paperwork is complete and consistent with Program requirements, the Main Street SPV would purchase a participation in such loan by dating and countersigning the Participation Agreement and returning it to the Eligible Lender. Eligible Lenders using this option must submit the loan to the Main Street SPV for sale of a participation interest expeditiously (i.e., no later than 14 days) after the closing of such loans.

2. **Condition of Funding**: An Eligible Lender may also extend an MSNLF Loan, an MSPLF Loan, or an MSELF Upsized Tranche to an Eligible Borrower, but make the funding of such loan contingent on a binding commitment from the Main Street SPV that it will purchase a participation in the loan. Under this option, the Eligible Lender, if registered with the Program, would submit all of the required documentation, completed and signed, for processing, but would indicate in its submission that the loan has not yet been funded. The Main Street SPV would review the required documentation and, if complete and consistent with Program requirements, would provide the Eligible Lender with a binding commitment to purchase the loan after it is funded (**Commitment Letter**). The Commitment Letter will indicate that the Eligible Lender is required to fund the loan within three business days of the date of the Commitment Letter and that the Main Street SPV will purchase the participation in the loan not later than three business days after the Eligible Lender notifies the Main Street SPV that the Eligible Lender has funded the loan. The Eligible Lender will provide this notification by entering the funding date of the loan into a field in the Main Street Portal.[4] If the funding notice is submitted by the Eligible Lender after 4 p.m., the notice will be treated as if it were received the next business day.

   The Main Street SPV will then process its purchase of a participation in such loan on the basis of the previously received paperwork. The Eligible Lender will not need to submit the Required Documentation a second time. If Eligible Lenders elect to use this option, the loan documentation should include language similar to the model provision below.

   > *In the "Conditions to All Borrowings" section*:
   >
   > "(i) the [Eligible Lender] shall have received a commitment letter from MS Facilities LLC that it will purchase a participation interest in $[PRINCIPAL AMOUNT TO BE PARTICIPATED] aggregate principal amount of the [APPLICABLE LOAN DEFINITION] under the Main Street Lending Program"

[4] Link to Main Street Portal will be added when the program is operational.

M. Other Information

M.1. Where should questions regarding the Program be directed?

Inquiries can be submitted by email to mslp@bos.frb.org.

M.2. How can I receive updates regarding changes to the Program?

The terms of the Program are available on the Board's website and will be updated to reflect modifications as they are made. Interested parties can sign up for alerts here.

Appendix A: Loan Document Checklist

Each participating Eligible Lender should use its own loan documentation in relation to Main Street loans. Such documentation should be substantially similar, including with respect to required covenants, to the loan documentation that the Eligible Lender uses in its ordinary course lending to similarly situated borrowers, adjusted only as appropriate to reflect the requirements of the Program. In order for the Main Street SPV to participate in a loan, the loan documentation must reflect the required components set out in the charts below.

	Term	MSNLF	MSPLF	MSELF	
				Upsized Tranche	Underlying Loan
1	Maturity	4 years	4 years	4 years	remaining maturity of at least 18 months (taking into account any adjustments made to the maturity of the underlying loan after April 24, 2020, including at the time of upsizing)
2	Principal and Interest Deferral	1 year	1 year	1 year	no requirements applicable under the Program
3	Capitalization of Unpaid Interest	Yes	Yes	Yes	no requirements applicable under the Program
4	Interest Rate	adjustable rate of LIBOR (1 or 3 month) + 300 basis points	adjustable rate of LIBOR (1 or 3 month) + 300 basis points	adjustable rate of LIBOR (1 or 3 month) + 300 basis points	no requirements applicable under the Program
5	Principal Amortization Schedule	one-third at the end of the second year, one-third at the end of the third year, and one-third at maturity at the end of the fourth year	15% at the end of the second year, 15% at the end of the third year, and a balloon payment of 70% at maturity at the end of the fourth year	15% at the end of the second year, 15% at the end of the third year, and a balloon payment of 70% at maturity at the end of the fourth year	no requirements applicable under the Program

<table>
<tr><th rowspan="2"></th><th rowspan="2">Term</th><th rowspan="2">MSNLF</th><th rowspan="2">MSPLF</th><th colspan="2">MSELF</th></tr>
<tr><th>Upsized Tranche</th><th>Underlying Loan</th></tr>
<tr><td>6</td><td>Minimum Loan Size</td><td>$500,000</td><td>$500,000</td><td>$10 million</td><td>no requirements applicable under the Program</td></tr>
<tr><td>7</td><td>Maximum Loan Size</td><td>the lesser of (i) $25 million or (ii) an amount that, when added to the Eligible Borrower's existing outstanding and undrawn available debt, does not exceed four times the Eligible Borrower's adjusted 2019 EBITDA</td><td>the lesser of (i) $25 million or (ii) an amount that, when added to the Eligible Borrower's existing outstanding and undrawn available debt, does not exceed six times the Eligible Borrower's adjusted 2019 EBITDA</td><td>the lesser of (i) $200 million, (ii) 35% of the Eligible Borrower's existing outstanding and undrawn available debt that is pari passu in priority with the MSELF Upsized Tranche (and underlying loan) and equivalent in secured status (i.e., secured or unsecured), or (iii) an amount that, when added to the Eligible Borrower's existing outstanding and undrawn available debt, does not exceed six times the Eligible Borrower's adjusted 2019 EBITDA</td><td>no requirements applicable under the Program</td></tr>
<tr><td>8</td><td>Priority / Security Requirement</td><td>May not include any provisions that would cause the MSNLF Loan to be contractually subordinated to other debt in or outside of bankruptcy.</td><td>May not include any provisions that would cause the MSPLF Loan to be contractually subordinated to other debt in or outside of bankruptcy.

Must include a standard lien covenant or negative pledge that is of the type and that contains the exceptions, limitations, carve-outs,</td><td colspan="2">May not include any provisions that would cause the MSELF Upsized Tranche to be contractually subordinated to other debt in or outside of bankruptcy.

Must include a standard lien covenant or negative pledge that is of the type and that contains the exceptions, limitations, carve-outs, baskets, materiality thresholds, and qualifiers that are consistent with those used by the Eligible Lender in its ordinary course lending to similarly situated borrowers.
• See Appendix B for a model covenant.
• For MSELF Upsized Tranches where the underlying loan is part of a multi-lender facility, any lien covenant or negative pledge that was negotiated in good faith prior to</td></tr>
</table>

	Term	MSNLF	MSPLF	MSELF	
				Upsized Tranche	Underlying Loan
			baskets, materiality thresholds, and qualifiers that are consistent with those used by the Eligible Lender in its ordinary course lending to similarly situated borrowers. See Appendix B for a model covenant.	April 24, 2020, as part of the underlying loan shall be deemed sufficient.	
9	Prepayment	permitted without penalty	permitted without penalty	permitted without penalty	no requirements applicable under the Program
10	Type	term loan	term loan	term loan	term or revolving credit facility
11	Origination Date	after April 24, 2020	after April 24, 2020	after April 24, 2020	on or before April 24, 2020
12	Borrower Certifications and Covenants Material Breach Mandatory Prepayment	Must include a Borrower Certifications and Covenants material breach mandatory prepayment provision (see model provision in Appendix B).	Must include a Borrower Certifications and Covenants material breach mandatory prepayment provision (see model provision in Appendix B).	Must include a Borrower Certifications and Covenants material breach mandatory prepayment provision to the extent feasible in light of existing voting arrangements (see Appendix B for more information).	
13	Cross-Acceleration Provision	Must include a cross acceleration provision (see model provision in Appendix B).	Must include a cross acceleration provision (see model provision in Appendix B).	Must include a cross acceleration provision (see model provision in Appendix B). For MSELF Upsized Tranches where the underlying loan is part of a multi-lender facility, any cross-default or cross-acceleration provision that was negotiated in good faith prior to April 24, 2020, as part of the underlying loan shall be deemed sufficient.	

	Term	MSNLF	MSPLF	MSELF	
				Upsized Tranche	Underlying Loan
14	Collateral	If secured, collateral should be described in accordance with the bank's ordinary practices in its loan documentation.	If secured, collateral should be described in accordance with the bank's ordinary practices in its loan documentation.	If secured, collateral should be described in accordance with the bank's ordinary practices in its loan documentation	
15	Financial Reporting	Must include a quarterly financial reporting covenant requiring the financial information set out in Appendix C (see model covenant in Appendix B)	Must include a quarterly financial reporting covenant requiring the financial information set out in Appendix C (see model covenant in Appendix B)	Must include a quarterly financial reporting covenant requiring the financial information set out in Appendix C (see model covenant in Appendix B). For MSELF Upsized Tranches where the underlying loan is part of a multi-lender facility, any financial reporting provision that was negotiated in good faith prior to April 24, 2020, as part of the underlying loan shall be deemed sufficient.	

In addition to the above, any Eligible Lender that elects to make receipt of a binding commitment letter from the Main Street SPV a condition of closing (see question L.4 above), should include language similar to the model provision below in its loan documentation:

> *In the "Conditions to All Borrowings" section*:
>
> "(i) the [Eligible Lender] shall have received a commitment letter from MS Facilities LLC that it will purchase a participation interest in $[PRINCIPAL AMOUNT TO BE PARTICIPATED] aggregate principal amount of the [APPLICABLE LOAN DEFINITION].

Appendix B: Required Covenants in Loan Documentation

Each participating Eligible Lender should use its own documentation for Main Street loans. Such documentation should be substantially similar, including with respect to required covenants, to the loan documents that the Eligible Lender uses in its ordinary course lending to similarly situated borrowers, adjusted only as appropriate to reflect the requirements of the Program. Appendix A sets out the components that must be reflected in such documentation. Model covenants are provided below in relation to #8, #12, #13, and #15 of Appendix A.

Please note: Eligible Lenders are not required to use the model covenants provided; these are provided only as examples for the convenience of Eligible Lenders. Eligible Lenders are permitted to use variations of such provisions to the extent they serve the same substantive purpose and are otherwise substantially similar to provisions that the Eligible Lender uses in its ordinary course lending to similarly situated borrowers.

I. Priority and Security Covenant

Each Main Street facility includes a requirement concerning the priority and/or security of the loan, which must be reflected in the loan documentation through the presence or absence of certain covenants.

I.A. MSNLF Loans

MSNLF Loans must not be, at the time of origination or at any time during the term of the MSNLF Loan, contractually subordinated in terms of priority to any of the Eligible Borrower's other loans or debt instruments. See question B.3 for more information about how to interpret this term. In accordance with this term, the loan documentation should not include any provisions that would cause the MSNLF Loan to be contractually subordinated to any other debt whether in or outside of bankruptcy. For the avoidance of doubt, prohibitions on contractual subordination do not prevent the incurrence of obligations that have mandatory priority under the Bankruptcy Code or other insolvency laws, or other relevant law or regulation, that apply to entities generally.

I.B. MSPLF Loans and MSELF Upsized Tranches that are Part of Bilateral Facilities

MSPLF Loans and MSELF Upsized Tranches must be, at the time of origination and at all times thereafter, senior to or pari passu with, in terms of priority and security, the Eligible Borrower's other Loans or Debt Instruments (other than Mortgage Debt). See questions C.6 and D.12 for more information about how to interpret these terms in the context of the MSPLF and MSELF, respectively.

In accordance with this term, the loan documentation for MSPLF Loans and MSELF Upsized Tranches that are part of bilateral facilities (i.e., where the Eligible Lender is the only lender) should not include any provisions that would cause the MSPLF Loan or MSELF Upsized Tranche to be contractually subordinated to any other debt whether in or outside of bankruptcy. See section I.A of this Appendix B for more information.

In addition, the loan documentation for MSPLF Loans and MSELF Upsized Tranches that are part of bilateral facilities must contain a lien covenant or negative pledge that is of the type – and that contains exceptions, limitations, carve-outs, baskets, materiality thresholds, and qualifiers – that is consistent with those used by the Eligible Lender in its ordinary course lending to similarly situated borrowers. A model lien covenant is set out below for the convenience of Eligible Lenders.

> *In the "Negative Covenants" section*:
>
> "The Borrower will not, nor will it permit any subsidiary to, create, incur, assume or suffer to exist any Lien upon any of its property, assets or revenues, whether now owned or hereafter acquired, securing any debt for borrowed money or any obligations evidenced by a bond, debenture, note, loan agreement or other similar instrument, or any guarantee of the foregoing, other than the following:
>
> (a) Liens securing obligations under the [MSPLF Loan][MSELF loan];
>
> (b) [Liens on real property in connection with loans with respect to which substantially all of the proceeds were used for acquisition, construction, fit-out, and/or renovation of the property];
>
> (c) [Junior Liens securing permitted Indebtedness]; or
>
> (d) [Liens on receivables assets and related assets incurred in connection with a receivables facility, provided that such debt is secured only by the newly acquired property].

Lien covenants included in Main Street loan documentation may include carve-outs at the discretion of the Eligible Lender in accordance with its customary underwriting practices with respect to similarly situated borrowers. The carve-outs from the lien covenant listed above illustrate the types of carve outs, among others, that Eligible Lenders may choose to include in a Main Street loan's lien covenant.

I.C. MSELF Upsized Tranches that are Part of Multi-Lender Facilities

MSELF Upsized Tranches must be, at the time of origination and at all times thereafter, senior to or pari passu with, in terms of priority and security, the Eligible Borrower's other Loans or Debt Instruments (other than Mortgage Debt). See question D.12 for more information about how to interpret this term.

In accordance with this term, the loan documentation for MSELF Upsized Tranches that are part of multi-lender facilities (i.e., where there are multiple lenders) should not include any provisions that would cause the MSELF Upsized Tranche to be contractually subordinated to any other debt whether in or outside of bankruptcy. See section I.A of this Appendix B for more information.

For MSELF Upsized Tranches that are part of multi-lender facilities, the facility must include a provision like the one described in section I.B of this Appendix B, unless the loan documentation has a lien covenant that was negotiated in good faith prior to April 24, 2020.

II. Borrower Certifications and Covenants Material Breach Mandatory Prepayment Provision

Each participating borrower must submit signed Borrower Certifications and Covenants in connection with the Main Street Loan. If the Board determines that the borrower made a material misstatement in certifications, or materially breached covenants, relating to CARES Act, the Federal Reserve Act, or the Board's Regulation A, the Board will notify the Eligible Lender to trigger a mandatory prepayment requirement under the Main Street loan. To implement these measures, the Borrower Certifications and Covenants should be referenced in loan documents for Main Street loans as set out below.

II.A. MSNLF Loans, MSPLF Loans, and MSELF Upsized Tranches that are Part of Bilateral Facilities

For all MSNLF Loans, MSPLF Loans, and MSELF Upsized Tranches that are part of a bilateral facility, the loan documents must contain a mandatory prepayment provision related to a material breach of the Eligible Borrower certifications in Section 2 (CARES Act Borrower Eligibility Certifications and Covenants) and Section 3 (FRA and Regulation A Borrower Eligibility Certifications) of the Borrower Certifications and Covenants. A model provision is set out below for convenience.

> *In the "Mandatory Prepayment" section*:
>
> "If, on any date (such date, a "Trigger Date"), the Board of Governors of the Federal Reserve System or a designee thereof has, after consultation with [the Administrative Agent][the Eligible Lender], notified [the Administrative Agent][the Eligible Lender] in writing that the Borrower has materially breached, made a material misrepresentation with respect to or otherwise failed to comply with certifications in Section 2 (CARES Act Borrower Eligibility Certifications and Covenants) or Section 3 (FRA and Regulation A Borrower Eligibility Certifications) of the Borrower Certifications and Covenants in any material respect or that any such certification has failed to be true and correct in any material respect, then [the Administrative Agent][the Eligible Lender] shall promptly so notify the Borrower and the Borrower shall, no later than two (2) Business Days after such Trigger Date, prepay the [Eligible Loan] in full, along with any accrued and unpaid interest thereon."

II.B. MSELF Upsized Tranches that are Part of Multi-Lender Facilities

For MSELF Upsized Tranches that are part of multi-lender facilities, a mandatory prepayment provision substantially similar to the model mandatory prepayment provision set out in section II.A of this Appendix B must be included if the percentage (or number) of lenders required to consent to a new mandatory prepayment provision under the existing agreements (typically a simple majority) consents to any other changes to the loan documents in the process of upsizing the loan or selling the participation to the Main Street SPV. Further, if 100% of the lenders agree to any other changes to the loan documents in the process of upsizing the loan or selling the participation to the Main Street SPV, this mandatory prepayment provision must be inserted into the loan documents and treated as a "sacred right," the amendment, waiver, or modification of which would require 100% lender consent.

III. Cross-Acceleration Provision

Each Main Street loan should contain a cross-acceleration provision that would trigger an event of default under the Main Street loan if a different loan extended to the Eligible Borrower by the Eligible Lender or the Eligible Lender's commonly controlled affiliate is accelerated.

III.A. MSNLF Loans, MSPLF Loans, and MSELF Upsized Tranches that are Part of Bilateral Facilities

For all MSNLF Loans, MSPLF Loans, and MSELF Upsized Tranches that are part of a bilateral facility, the loan documents must contain a cross-acceleration provision that would be triggered if other debt owed by the Eligible Borrower to the Eligible Lender or any commonly controlled affiliate of the Eligible Lender is accelerated. A model provision is set out below for the convenience of Eligible Lenders.

> *In the "Event of Default" section*:
>
> "(i) [the Borrower or any Subsidiary shall fail to make any payment when due (whether by scheduled maturity, required prepayment, acceleration, demand, or otherwise) in respect of any Indebtedness (other than Indebtedness under the Loan Documents) owing to the [ELIGIBLE LENDER] or any commonly controlled Affiliate of the [ELIGIBLE LENDER], in each case beyond the applicable grace period with respect thereto, if any; or (ii) the Borrower or any Subsidiary shall fail to observe or perform any other agreement or condition relating to any such Indebtedness or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event occurs, the effect of which failure to make a payment, default or other event described in cause (i) or (ii) is to cause such Indebtedness to become due or to be repurchased, prepaid, defeased or redeemed (automatically or otherwise), or an offer to repurchase, prepay, defease or redeem such Indebtedness to be made, prior to its stated maturity; <u>provided</u> that clause (ii) shall not apply to secured Indebtedness that becomes due as a result of the voluntary sale or transfer of the property or assets securing such Indebtedness, if such sale or transfer is

permitted hereunder and under the documents providing for such Indebtedness and such Indebtedness is repaid when required under the documents providing for such Indebtedness;"

III.B. MSELF Upsized Tranches that are Part of Multi-Lender Facilities

For MSELF Upsized Tranches that are part of multi-lender facilities, the facility must include a provision like the one described in section III.A of this Appendix B, unless the loan documentation has a cross-default or cross-acceleration provision that was negotiated in good faith prior to April 24, 2020.

IV. Financial Reporting Covenant

Each Main Street loan should contain a financial reporting covenant requiring the regular delivery of certain financial information and calculations.

IV.A. MSNLF Loans, MSPLF Loans, and MSELF Upsized Tranches that are Part of Bilateral Facilities

For MSNLF Loans, MSPLF Loans, and MSELF Upsized Tranches that are part of a bilateral facility, the loan documents must contain a financial reporting covenant requiring the quarterly delivery of Borrower financial information and calculations set out in Appendix C. A model covenant is set out below for the convenience of Eligible Lenders.

In the "Affirmative Covenants" section:

"as soon as available, but in any event within [60] days after the end of each fiscal quarter of the Borrower, the Borrower shall deliver to the [Administrative Agent] [Eligible Lender] financial reporting in a form and substance reasonably acceptable to the [Administrative Agent] [Eligible Lender] setting forth the financial information, and where applicable reasonably detailed calculations of the required data, set forth in [*See Appendix C to these FAQs*] as at the end of such fiscal quarter of the Borrower, which financial reporting and calculations, in each case, shall be true and accurate in all material respects and, where applicable, present fairly in all material respects the financial condition of the Borrower for the period covered thereby in accordance with GAAP, consistently applied."

IV.B. MSELF Upsized Tranches that are Part of Multi-Lender Facilities

For MSELF Upsized Tranches that are part of multi-lender facilities, the facility must include a provision like the one described in section IV.A of this Appendix B, unless the loan documentation has a financial reporting covenant that was negotiated in good faith prior to April 24, 2020.

Appendix C: Required Financial Reporting

Each Main Street loan should contain a financial reporting covenant requiring the regular delivery of certain financial information and calculations. The items listed in Table I below must be provided by each Main Street borrower to their Eligible Lender at least annually. The items listed in Table II must be provided by each Main Street borrower to their Eligible Lender at least quarterly; the quarterly requirements vary based on the Main Street facility in which the borrower is participating.

Table I: Data Required Annually from All Main Street Borrowers	
Required Data	**Definition**
Total Assets	The sum of current assets, fixed assets, and other non-current assets (including, but not limited to, intangible assets, deferred items, investments, and advances).
Current Assets	Cash, accounts receivable, inventory, and other short-term assets that are likely to be converted into cash, used, sold, exchanged, or otherwise expensed in the normal course of business within one year.
Cash & Marketable Securities	Cash, depository accounts, and marketable securities that can be easily sold and readily converted into cash.
Tangible Assets	Assets having a physical existence, measured as total assets less intangible assets. Tangible assets are distinguished from intangible assets, such as trademarks, copyrights, and goodwill.
Total Liabilities	The total amount of all outstanding obligations, both current and noncurrent.
Current Liabilities	Short term debt, accounts payable, and other current liabilities that are due within one year.
Total Debt (Incl. Undrawn Available Lines of Credit)	Existing outstanding and committed debt (including any undrawn available amounts).
Total Equity	Measured as total assets minus total liabilities.
Total Revenue	Total income generated by the sale of goods or services from ongoing operations. Total Revenue excludes any non-recurring sales or gains.
Net Income	The income (or loss) after expenses and losses have been subtracted from all revenues and gains for the fiscal period, including discontinued operations.
Unadjusted EBITDA	Earnings before interest expense, income tax expense, depreciation expense, and amortization expense. The starting point is net income.
Adjusted EBITDA	Unadjusted EBITDA adjusted for any non-recurring, one-time, or irregular items. The Adjusted EBITDA measurement should align with the relevant facility's term sheet.
Depreciation Expense	Non-cash expense measured based on the use of fixed assets, recognized over the useful life of the fixed assets.
Amortization Expense	Non-cash expense measured based on the use of intangible assets, recognized over the life of the intangible asset.
Interest Expense	The periodic finance expense of short term and long term debt.
Tax Expense	Federal, state and local income tax expenses.
Rent Expense	The contractual costs of occupying leased real estate.
Dividends / Equity Distributions	Distributions to equity owners.

Table I: Data Required <u>Annually</u> from All Main Street Borrowers	
Required Data	**Definition**
Accounts Receivable (net of allowances)	Amounts owed to the borrower resulting from providing goods and/or services. Accounts receivable will be net of any allowances for uncollectible amounts.
Inventory (net of reserves)	Value of the raw materials, work in process, supplies used in operations, finished goods, and merchandise bought which are intended to be sold in the ordinary course of business. Inventory should be net of reserves.
Fixed Assets, Gross	Tangible property used in the business and not for resale, including buildings, furniture, fixtures, equipment, and land. Report fixed assets gross of depreciation.
Accumulated Depreciation	Cumulative depreciation of all fixed assets up to the Date of Financial Information.
Accounts Payable (A/P)	The obligations owed to the borrower's creditors arising from the entity's ongoing operations, including the purchase of goods, materials, supplies, and services. Accounts payable excludes short term and long term debt.
Short Term Debt	Debt obligations of the borrower due with a term of less than one year, including the current portion of any Long Term Debt.
Long Term Debt	Debt obligations of the borrower that are due in one year or more, excluding the current portion that is otherwise captured in Short Term Debt.
Description of EBITDA Adjustments	Description of items that are added to Unadjusted EBITDA to determine Adjusted EBITDA.
Total Expenses	All money spent and costs incurred, both recurring and non-recurring, to generate revenue. Expenses exclude items capital in nature (i.e., expenses that are allowed to be capitalized and included in the cost basis of a fixed asset).
Operating Expenses	Money spent and costs incurred related to normal business operations including selling, general & administrative expenses, depreciation, and amortization (i.e., total expenses less non-recurring expenses). Exclude capital expenditures.
Operating Income	Profit (or loss) realized from continuing operations (i.e., revenue less operating expenses).
Fixed Charges	Expenses that recur on a regular basis, regardless of the volume of business (i.e., lease payments, rental payments, loan interest payments, or insurance payments).
Capitalized Expenditures	Non-operating expenditures capitalized to fixed assets.
Guarantor Net Assets	Total assets less total liabilities of the guarantor (also referred to as net worth).
Sr. Debt Balance	Debt amount ranking senior to the Main Street loan.
Additional Pari Passu Debt Balance	Debt amount ranking pari passu to the Main Street loan.
Collateral Type (Non-Real Estate)	If the loan is secured by collateral that is not predominantly real estate, including if the collateral provided is different types, report the predominant type of collateral (e.g., inventory, receivables, securities, etc.) by aggregate value.
Collateral Type (Real Estate)	If the loan is secured by real estate collateral, indicate the property type (e.g., hotel, multifamily, residential, industrial, etc.). If the loan is secured by multiple real estate property types, report the predominant property type by aggregate value.
Collateral Value Reporting	For loans that require ongoing or periodic valuation of the collateral, report the market value of the collateral as of the reporting date.
Collateral Value Date	Define the as-of date that corresponds with the Collateral Value Reporting field.
Covenant Status (Pass / Fail)	Yes/no, indicating if the facility has satisfied covenant tests.
Date of Covenant Default	If applicable, report the date when borrower defaulted covenants.
Nature of Covenant Default	If applicable, describe the covenant default (i.e., missing financial statements, ratio trigger).

Table I: Data Required Annually from All Main Street Borrowers	
Required Data	**Definition**
Date of Covenant Cure	If applicable, report the date when borrower cured previous defaults.

Table II: Data Required Quarterly from Main Street Borrowers by Main Street Facility				
Required Data	**MSELF**	**MSNLF**	**MSPLF**	**Definition**
Total Assets	Yes	Yes	Yes	The sum of current assets, fixed assets, and other non-current assets (including, but not limited to, intangible assets, deferred items, investments, and advances).
Current Assets	Yes	Yes	Yes	Cash, accounts receivable, inventory, and other short term assets that are likely to be converted into cash, used, sold, exchanged, or otherwise expensed in the normal course of business within one year.
Cash & Marketable Securities	Yes	Yes	Yes	Cash, depository accounts, and marketable securities that can be easily sold and readily converted into cash.
Tangible Assets	Yes	No	No	Assets having a physical existence measured as total assets less intangible assets. Tangible assets are distinguished from intangible assets, such as trademarks, copyrights, and goodwill.
Total Liabilities	Yes	Yes	Yes	The total amount of all outstanding obligations, both current and noncurrent.
Current Liabilities	Yes	Yes	Yes	Short term debt, accounts payable, and other current liabilities that are due within one year.
Total Debt (Incl. Undrawn Available Lines of Credit)	Yes	Yes	Yes	Existing outstanding and committed debt (including any undrawn available amounts).
Total Equity	Yes	Yes	Yes	Measured as total assets minus total liabilities.
Total Revenue	Yes	Yes	Yes	Total income generated by the sale of goods or services from ongoing operations. Total Revenue excludes any non-recurring sales or gains.
Net Income	Yes	Yes	Yes	The income (or loss) after expenses and losses have been subtracted from all revenues and gains for the fiscal period, including discontinued operations.
Unadjusted EBITDA	Yes	Yes	Yes	Earnings before interest expense, income tax expense, depreciation expense and amortization expense. The starting point is net income.
Adjusted EBITDA	Yes	Yes	Yes	Unadjusted EBITDA adjusted for any non-recurring, one-time or irregular items. The Adjusted EBITDA measurement should align with the relevant facility's term sheet.
Depreciation Expense	Yes	No	No	Non-cash expense measured based on the use of fixed assets, recognized over the useful life of the fixed assets.
Amortization Expense	Yes	No	No	Non-cash expense measured based on the use of intangible assets, recognized over the life of the intangible asset.
Interest Expense	Yes	Yes	Yes	The periodic finance expense of short term and long term debt.
Tax Expense	Yes	No	No	Federal, state and local income tax expenses.
Rent Expense	Yes	No	No	The contractual costs of occupying leased real estate.

Table II: Data Required Quarterly from Main Street Borrowers by Main Street Facility				
Required Data	**MSELF**	**MSNLF**	**MSPLF**	**Definition**
Dividends / Equity Distributions	Yes	Yes	Yes	Distributions to equity owners.
Accounts Receivable (net of allowances)	Yes	No	No	Amounts owed to the borrower resulting from providing goods and/or services. Accounts receivable will be net of any allowances for uncollectible amounts.
Inventory (net of reserves)	Yes	No	No	Value of the raw materials, work in process, supplies used in operations, finished goods, and merchandise bought which are intended to be sold in the ordinary course of business. Inventory should be net of reserves.
Fixed Assets, Gross	Yes	No	No	Tangible property used in the business and not for resale, including buildings, furniture, fixtures, equipment, and land. Report fixed assets gross of depreciation.
Accumulated Depreciation	Yes	No	No	Cumulative depreciation of all fixed assets up to the Date of Financial Information.
Accounts Payable (A/P)	Yes	No	No	The obligations owed to the borrower's creditors arising from the entity's ongoing operations, including the purchase of goods, materials, supplies, and services. Accounts payable excludes short term and long term debt.
Short Term Debt	Yes	No	No	Debt obligations of the borrower due with a term of less than one year, including the current portion of any Long Term Debt.
Long Term Debt	Yes	No	No	Debt obligations of the borrower that are due in one year or more, excluding the current portion that is otherwise captured in Short Term Debt.
Description of EBITDA Adjustments	Yes	No	No	Description of items that are added to Unadjusted EBITDA to determine Adjusted EBITDA.
Total Expenses	Yes	No	No	All money spent and costs incurred, both recurring and non-recurring, to generate revenue. Expenses exclude items capital in nature (i.e., expenses that are allowed to be capitalized and included in the cost basis of a fixed asset).
Operating Expenses	Yes	Yes	Yes	Money spent and costs incurred related to normal business operations, including selling, general & administrative expenses, depreciation, and amortization (i.e. total expenses less non-recurring expenses). Exclude capital expenditures.
Operating Income	Yes	Yes	Yes	Profit (or loss) realized from continuing operations (i.e., revenue less operating expenses).
Fixed Charges	Yes	No	No	Expenses that recur on a regular basis, regardless of the volume of business (i.e., lease payments, rental payments, loan interest payments, or insurance payments).
Capitalized Expenditures	Yes	Yes	Yes	Non-operating expenditures capitalized to fixed assets.
Guarantor Net Assets	Yes	No	No	Total assets less total liabilities of the guarantor (also referred to as net worth).
Sr. Debt Balance	Yes	Yes	Yes	Debt amount ranking senior to the Main Street loan.
Additional Pari Passu Debt Balance	Yes	Yes	Yes	Debt amount ranking pari passu to the Main Street loan.

Table II: Data Required Quarterly from Main Street Borrowers by Main Street Facility				
Required Data	**MSELF**	**MSNLF**	**MSPLF**	**Definition**
Collateral Type (Non-Real Estate)	Yes	No	No	If the loan is secured by collateral that is not predominantly real estate, including if the collateral provided is different types, report the predominant type of collateral (e.g., inventory, receivables, securities, etc.) by aggregate value.
Collateral Type (Real Estate)	Yes	No	No	If the loan is secured by real estate collateral, indicate the property type (e.g., hotel, multifamily, residential, industrial, etc.). If the loan is secured by multiple real estate property types, report the predominant property type by aggregate value.
Collateral Value Reporting	Yes	No	No	For loans that require ongoing or periodic valuation of the collateral, report the market value of the collateral as of the reporting date.
Collateral Value Date	Yes	No	No	Define the as-of date that corresponds with the Collateral Value Reporting field.
Covenant Status (Pass / Fail)	Yes	Yes	Yes	Yes/no, indicating if the facility has satisfied covenant tests.
Date of Covenant Default	Yes	Yes	Yes	If applicable, report the date when borrower defaulted covenants.
Nature of Covenant Default	Yes	Yes	Yes	If applicable, describe the covenant default (i.e., missing financial statements, ratio trigger).
Date of Covenant Cure	Yes	Yes	Yes	If applicable, report the date when borrower cured previous defaults.